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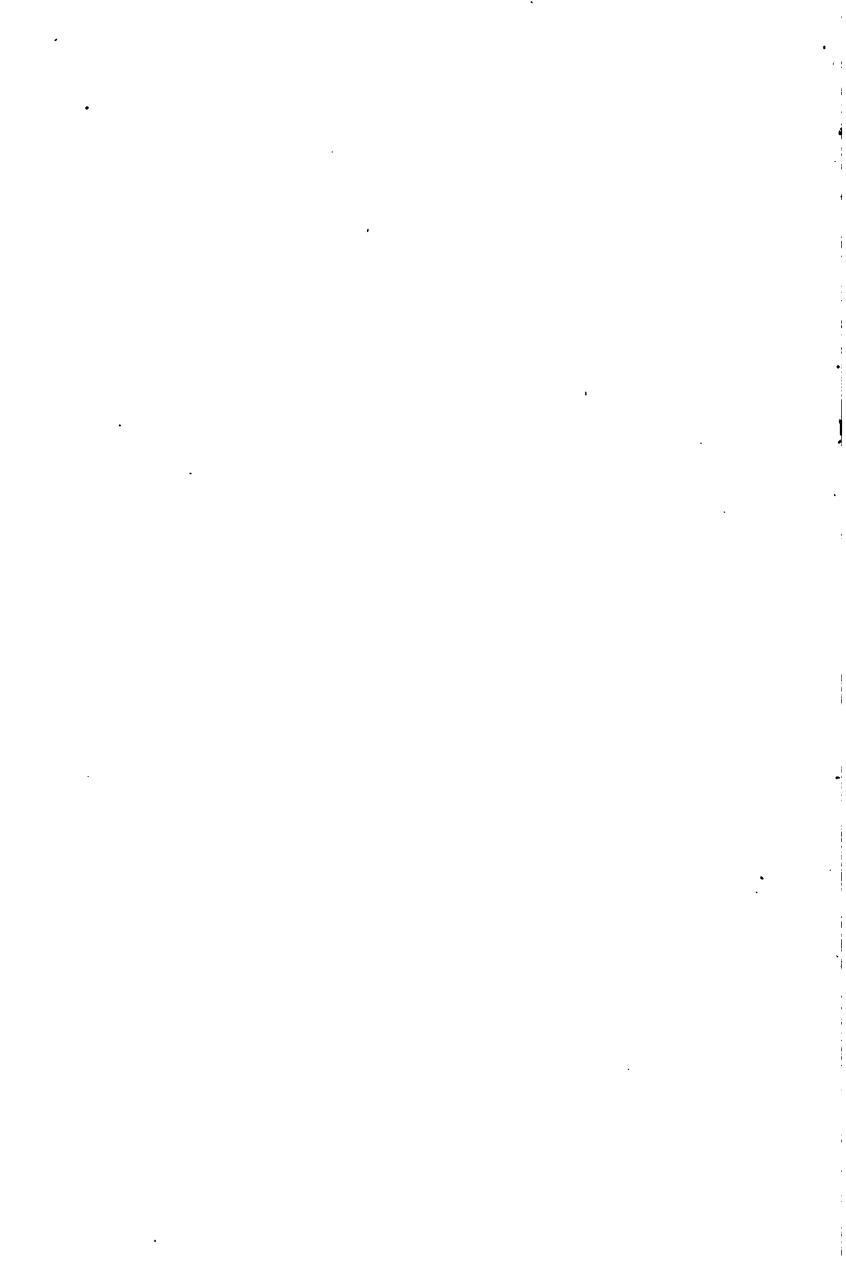
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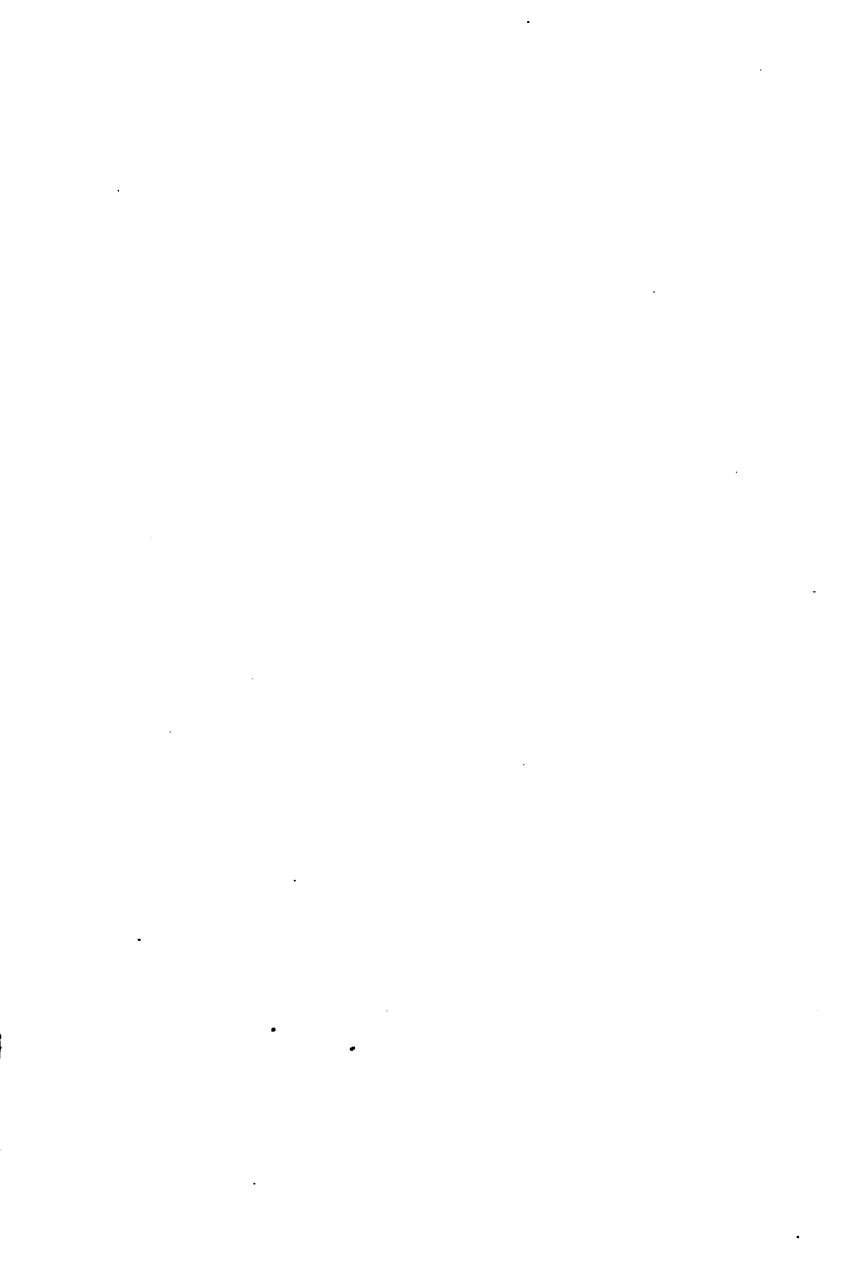
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ΟΙ ΧΕΙΛΟΥ





## THE SOCIALIST STATE.



# THE SOCIALIST STATE

Its Nature, Aims, and  
Conditions: Being an Intro-  
duction to the Study of Socialism

BY

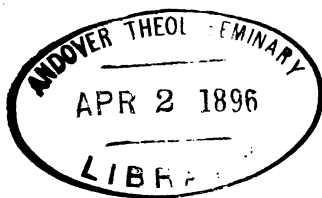
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## Preface.

THE aim of this little book is chiefly expository. It is an attempt to indicate, with due regard to relative proportion, the various matters involved in the discussion of Socialism, as to which some opinion must be formed. In some cases the materials for an equitable decision lie ready to hand, recorded in the facts of past experience or in the arguments which have been set forth by the advocates or opponents of the movement, but in other cases we remain dependent on the conscious and unconscious experiments which are being wrought, or are to be wrought, in the sure laboratory of Time. Of one thing we may be certain; the problem of Social Action and Socialism cannot be ignored. And as it can-

## PREFACE.

not be ignored, it is surely not too much to urge that it should be studied. This little book will attain its object if it facilitate a serious and fruitful study by a delimitation of the ground it should cover, and by the implied suggestion that a final judgment must be arrived at, not on one aspect or one presentment of the case, but after an even-minded review of the whole complex medley of interests, difficulties, dangers, and advantages.

My thanks are due to two friends who by their kind revision of the proof-sheets of this book, have enabled me to remove certain obscurities and defects which might otherwise have remained.

E. C. K. G.

UNIVERSITY COLLEGE,  
*4th May, 1895.*



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## THE SOCIALIST STATE.





## THE SOCIALIST STATE.



### I.

#### THE NATURE AND AIMS OF THE SOCIALIST STATE.

1. AT a time like the present, of quick <sup>Social Reform</sup> sympathies and fertile inventions, it is necessary to distinguish somewhat carefully between the various movements in the direction of Social Reform. Of these, some have the same end in view, and only differ as to the means requisite to its attainment; while others coinciding, at any rate in their early stages, in their choice of means differ greatly as to their ends and aims. But neither a general belief in some future economic condition, with a more equal distribution of wealth, nor an active desire to remedy

## THE SOCIALIST STATE.

certain particular grievances and to alleviate certain hardships, can be said to necessarily constitute Socialism. The people and parties entertaining such beliefs and such desires may, with some justification, be termed socialistic; for in both cases, in the one instance in the end, in the other in the means proposed, they approximate to Socialism. This use of terms cannot be called a fortunate one, but in any case they are socialistic, not socialist. Social Reform and Social Reformer are wide terms. They include, indeed, Socialism and Socialists, but they include other movements and other people, whose aims and methods are very different. Socialism is something more than either an earnest desire for the regeneration of society or the approval of graduated taxation and a system of factory legislation; it is a definite scheme of economic organisation, or, as things stand at present, a demand for a definite economic reorganisation, which it is proposed to achieve by changes in a particular branch of life.

And  
Socialism

*Socialism aims at the substitution of a system*

## NATURE AND AIMS.

*of industrial production, collectively organised and, with the exception of human activities, collectively owned, for a system of production individually organised and owned.*

2. The introduction of such a system would involve many and very considerable alterations, for production affects all people, not merely because of their interest as consumers, but because they are, in most instances, occupied either directly in producing and transferring goods, or indirectly in developing and maintaining the conditions which alone make possible their production. To this end many agents and varying forces are necessary. The main agents of production are described as Land, Labour, and Capital; but these terms are capable of wide definition. Thus, under Land must be included not merely the soil but those various conditions and forces of nature which are employed in this particular direction. Labour does not mean merely muscular exertion or manual labour, it includes skill and the work of organisation, superintendence, and direction. Of Capital, also, there is more than one kind;

Agents of  
Production



## THE SOCIALIST STATE.

there is remuneratory or maintenance capital as well as auxiliary capital—implements, machinery, buildings, and the like. But in addition to the agents which are capable of classification under these headings there are many others, both moral and intellectual, of great importance; because deprived of their aid the conditions, without which production cannot take place safely or so advantageously, would be wanting. Health must be preserved, security guaranteed, general education given, and recreation provided. The efforts of those engaged in these tasks are indispensable. It is true that these can, as a rule, be included under Labour; but as they result not so much in commodities as in the conditions under which commodities can be produced and consumed, some distinction is advisable. A further distinction must be made between those operations which are involved in Capitalistic Production and those which consist in the fulfilment of Private and Social Services.

Capital-  
istic

3. Capitalistic Production is the system according to which the production of most

## NATURE AND AIMS.

commodities or goods takes place, and in accordance with which most Industrial Services are rendered. It involves in nearly every operation the possession of capital on the part of some one in some one form or other. Some one is an employer and some one is employed. Even when a doctor pays an assistant to aid him in his practice he is engaged in Industrial Production, for he is paying wages or their equivalent, and from the joint labour and skill of himself and his assistants he is expecting a private profit. *Socialism would prohibit all private profit.* }

4. Private and Social Services, on the other hand, are those which are rendered to the individual or the State; but in the former case they are such that no profit can be made by the individual receiving them out of the sale of their results or by their assistance. In other words, they are services rendered to individuals in their private capacity as consumers and not as producers. They do not imply the possession of capital on the part of individuals. A domestic servant, in the first

## THE SOCIALIST STATE.

place, is paid not out of the fund used for promoting future production or providing a future revenue, but out of the income of the year, and, in the second place, is not employed in order that profit may be earned by his or her aid. A doctor himself is paid by his patients out of their net income, though he pays his assistants out of his capital or out of his gross income. In the case of services rendered to Society, State and Municipal officials are paid by the Government or the Municipality.

The Main  
Proposal of  
Socialism

5. Socialism proposes that the organisation of production, possibly only of industrial production, should be in the hands of the State, Municipality, or Community, according to the particular type advocated. At the present time the occupation taken up and pursued by each depends, in the first place, on the choice made by him or her, and secondly, on the ability of the particular individual to make good his position in the face of keen competition and rivalry. With regard to the choice of a calling or profession there are many influences involved, some of which,

## NATURE AND AIMS.

indeed, go far to preclude it from being free and intelligent. Though presumably determined by the prospect of success and the possession of capacities, as discerned either by the individual or his advisers, the prejudices of friends, the influence of local and family customs, and lastly, the very powerful force of circumstances prevent these considerations from having their due place. The choice once made, success or failure depends on the competitive forces which reveal themselves. Competition, by influencing choice and by determining success, is very often the arbiter of fate. For competition Socialism would substitute collective organisation by some public body, whether State or Municipality is a matter of degree, the latter being the more feasible, the former the more truly Socialist type. The State alone would organise; the State alone would employ people in production. It would be baker, brewer, cotton-spinner, iron-founder, printer, chemist, and all else. Those who wanted work would seek it at the factories and offices of the State; those who wanted

The  
State as  
Employer

## THE SOCIALIST STATE.

goods would seek them at shops owned and conducted by the State. Competitors need not be feared, because so far at least as the great industries and trades and the vast majority of callings are concerned, no competition would be permitted.

As a necessary consequence of its monopoly position, the State would have to go further than an employer, or than all employers together. It would have to guarantee work to those who wanted it. The unemployed could rightly require employment. Of course it might happen that the employment offered would not be to their taste. In such cases they must take it or leave it, and leaving it would mean starvation.

The State would not compel any particular person to do any particular work, but it could, and of necessity would, renounce its obligations to those who should refuse the employment it offered. It would be a genuine attempt to utilise the labour power put at its disposal, *not dictated by caprice* but guided so far as possible by a knowledge of the skill and

## NATURE AND AIMS.

strength, and, in general, of the capacity of the applicant.

6. It would be difficult to determine how far the Socialist State would control or direct the Private Services which are rendered by one individual to another who is desirous of them for purposes of his own direct enjoyment or, to use the technical term, consumption. Would people be allowed to be private domestic servants, or would they, granted that a class of domestic servants should exist, be organised by the State and hired out as policemen have sometimes been hired out? Would artists be permitted to sell their pictures without having a government licence? In these cases, and there are others like them, the same objections do not exist which manifest themselves in the more general industrial undertakings. There is no ownership of capital, or very little, involved. An artist would want brushes, paints, and canvas; but these he would equally require if he were painting for his own pleasure without any intention of sale. Furthermore, and this is the critical point, there would be

Socialism  
and Private  
Services

## THE SOCIALIST STATE.

no capitalistic employment of others, and consequently no private profits out of the services of others.

The  
State as  
Landowner

7. In addition to being general organiser, the Socialist State would be Landowner. It would receive both ground-rent and house-rent. Socialist ownership of land goes, it should be noticed, much further than mere nationalisation, inasmuch as it involves State management. The State would not only receive the rents, but it would be farmer just in the same way as it would be manufacturer and merchant.

Capitalist

8. The State would be the Capitalist, and its monopoly of capital would be absolute. It, and it alone, would be permitted to use capital, and in consequence to undertake enterprises requiring capital for their development. On the other hand, it by no means follows that it would be owner of all the wealth of the country. Wealth, which is the means of gratifying one's tastes, and not of extending one's business, might accrue to individuals, and be saved by them; but if in the course of such process it should assume the form of capital, its use in this form

## NATURE AND AIMS.

would be the right of the State. About this there will be much more to say. It is not too much to assert that its position as sole capital user is of the essence of the Socialist State.

*Individuals may save wealth if they like, and if they can, but the State alone may employ it as Capital.*

9. While undertaking the positions of industrial employer, landowner, and capitalist, the Socialist State will not surrender those other functions relating to the performance of Social Duties, which are to some extent or other performed by most modern governments. Health, Security, and Education will remain objects of its watchful care. The extension, not the relaxation, of measures on their behalf is rather to be anticipated. The revenue which will accrue from its new industrial position should supply means for far greater social undertakings than have been hitherto possible, and these will be in the direction of "greater equality of opportunities," to borrow a favourite expression. The probability of such a development has led many Socialists to represent "equality of oppor-

And  
General  
Adminis-  
trator



## THE SOCIALIST STATE.

tunity" as a measure in the social programme second only to collective organisation of industry. In reality, it is a feature which it possesses in common with all governments which have developed a social policy; though, in respect of its attainment, it offers the great advantage of an additional revenue composed of rent, interest, and industrial profits.

Socialism  
is

10. The possession of a policy such as the above, as to both production and the end which it would seek to achieve in the expenditure of its new revenue, permits of certain assertions with regard to Socialism in comparison with other movements and conceptions.

Positive

*It is positive, not destructive.*—In this respect it differs from Anarchism, which advocates destruction, not construction. True, the latter contemplates a future condition in which the forces of peace would be predominant; but this is the dream, the other is the present reality. Far otherwise with Socialism. It seeks to build up a social fabric which, whatever its defects, would, granted its initial success, abound in opportunities for constructive organisation and

## NATURE AND AIMS.

strong government. The administration would be more likely to be too strong than too weak; the constructive mechanism too rigid than too lax. Again, it does not necessarily involve outbreaks of violence or revolution. To insist on its connection with window-breaking and street-looting is about as foolish as to imagine that the Reformation found its truest expression in the Anabaptist outbreaks. Every movement, whether great or small, may be burdened with discredit attaching to the acts of the disorderly few hanging on to its fringes.

11. *It is practical, not Utopian.*—Whether Practical practicable or not, its main suggestion is of a purely practical nature. Human nature is not supposed to have undergone a sudden and decisive change, for Socialism assumes that men will continue to be much as they have been and still are—good, bad, and indifferent. Some change for the better there may be; and it is hoped that greater ease, more equal opportunities, and higher civic aims will work in this direction; but great or small though it be, it will proceed contemporaneously with, or follow

## THE SOCIALIST STATE.

subsequently on, the development of Socialist organisation. The dreamy and ideal Socialism, which required as its preliminary an entire regeneration of the human spirit, is a thing of the past, and has given way to more definite and at the same time more practical, more moderate proposals. The Millennium is good, but its introduction may necessitate a great deal of patience. One incurable defect of this early Millennial Socialism lay in the superb ease with which a few discontented people would have been able to wreck the whole carefully adjusted organisation.

Definite

12. *It is restricted in scope, and not indefinite.*  
—The contrast between Socialism and Communism consists chiefly in the fact that while one would organise a part, the other would organise the whole. So far from contenting itself with the introduction of a certain order into production, Communism passes on to the consideration of what shall be done with the goods when produced, and would organise consumption as well as production. Equality of some kind or other is prescribed. Each

## NATURE AND AIMS.

man to clean his own boots, and have lentils for dinner, is the kind of order which might be looked for in a Communist *régime*. This passion for regulation found its most typical expression in the parallelogram buildings in which Fourier would have housed his unhappy Communists. Communism, at its minimum, means a community of goods and equality, while Socialism *need* not involve anything of the sort. Under the latter there is room for a competition of energy and a rivalry of skill, for the most active and the most able will produce the most, and will be valued and paid at the highest rate; but Communism withdraws the ordinary motives of competition.

13. There are two further matters which <sup>Socialism and</sup> concern not so much the scope of Socialism as the conditions attending its possible introduction. *Socialism is not necessarily Democratic. Socialism need not be capable of immediate realisation.*

The common belief, that Socialism is a Democracy peculiar development of a Radical or Democratic policy, has no foundation in fact. Democracy

## THE SOCIALIST STATE.

is a political condition. Socialism is a social organisation. As such it must of course have some connection with political organisation, which is the mechanism whereby the people of a country signify and attain their social aims. It has, however, no necessary connection with any one form which this mechanism may assume. The one political condition on which it does depend, and one there is, is the existence of a strong, honest, and intelligent government. If such is offered by an undemocratic form of government, and not by a democratic form, Socialism will have a better chance of success under the former. Thus there is no essential connection with Democracy, Republicanism, or Conservatism. Indeed, it has been asserted in some quarters that an administration of the latter type would be most favourable to its introduction. This at least is true. Inasmuch as Socialism, even in its early stages, involves a wide extension of State action, it will make a great demand on sound executive ability. A crude and untrained democracy would be as unfit as a selfish and prejudiced oligarchy for

## NATURE AND AIMS.

superintending a work of such great delicacy. Strength and continuity in policy will be needed, for the edifice of to-day cannot be pulled down to-morrow and built again on the day after. Honesty will be needed, for with the extension of State action the opportunities for corruption or for self-aggrandisement will be largely increased. Intelligence will be needed, for the task of organisation will be of too vital an importance to be left to chance or ignorant heads. The extent to which Democracy is a suitable companion for Socialism depends on the extent to which it presents or will present fitting conditions, amongst which are the above. They may be found in a trained, they will not be found in an untrained Democracy.

14. It is not by any means essential to the conception of Socialism that it should be deemed capable of immediate and complete introduction. The early notion that Socialism was a system which could be readily transferred from a sheet of paper to human society took to flight under the scientific studies of the later Socialist thinkers and writers, who realised that society was

It is Evolutionary

## THE SOCIALIST STATE.

too delicate and too sensitive to be capable of instant adaptation to a new form. The subtle charm which constitutes its bond and its support might evanesce under rude handling, and society, deprived of life, would cease to be more than a collection of disconnected and, probably, discontented units. As an organic entity, while training may do much, it must grow into new forms. The length of time required for this period of preliminary growth has been very variously estimated. The more sanguine may estimate it at fifty, while the less sanguine may follow one of their great thinkers and put it at five hundred years. Excessive though this estimate may seem to some, there is little or no doubt that Socialism, if ever successfully introduced, will be the result of a slow and gradual evolution.

A consistent Socialist does not necessarily contemplate legislation on a cut-and-dry scheme. He does two things. He looks forward to the final realisation of Socialism, and he plays his part by assisting its development where occasion offers.

## NATURE AND AIMS.

15. The acceptance of Socialism as philosophically feasible, entirely apart from any considerations as to the mechanical difficulties it may present, or the moral and social dangers it may involve, depends upon the view taken of the nature and functions of Society, regarding which there are still, as there have been from all time, two schools of thinkers. When contrasted with Individualism, which in effect regards society as a mere *numerical* aggregate of the different individuals which compose it, Socialism, as a system of thought, premises that it has a being, power, and functions apart. This conception is common to the supporters of the economic system of Socialism with all those who advocate some measures of State action. On the one side stand the advocates, on the other the opponents of *laissez faire*. Socialism then involves the belief that the State or Society is to improve, benefit, or otherwise influence the individuals that constitute it. As against this, Individualists, including both *laissez faire* thinkers and Anarchists, urge that the action of Society is necessarily detrimental and futile, and

Socialism  
and Indi-  
vidualism



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that development must depend on the voluntary acts of individuals. This leading conception underlies many arguments, appearing sometimes in one, sometimes in another form. Thus it is said that individuals must learn from their own experience. In contradiction to this the whole evidence of history has been adduced as proving the great extent to which individuals learn from the experience of others. Lessons learned by society and embodied in its precepts, either in public opinion or in laws, are of use to its members, even though they do not severally pass through the experience which has led to the expression of these former.

Again, it is said that the progress of Society depends on the action of the law of the Survival of the Fittest, and that consequently State or social effort, as restricting the free operation of this law, is either null and void or retrogressive. This biological analogy is wholly inconclusive when thus applied to human society, which is capable, it must be remembered, of conscious development. Those who survive are the fittest to the environment, whether that

## NATURE AND AIMS.

environment be good or bad. Human society, however, can apply its accumulated experience to the improvement of the environment or the substitution of one which is more, for one which is less worthy. It does not and cannot discourage the survival of the fittest, but it rightly determines what characteristics make the fittest.

Individualism, again, treats Society as a mere addition sum of separate units, and ignores its corporate existence. Socialism, at any rate, officially recognises Society, though in its more exaggerated forms it ignores the individual. It is necessary to avoid either extreme. Both Society and the Individual require acknowledgment.



## II.

### EQUALITIES AND INEQUALITIES.

#### Aims of Socialism

I. THE project of Socialism, to substitute one system of production for another, is dictated by a desire to amend certain defects which present themselves, or are thought to present themselves, in the present competitive organisation of industry. Of these defects some are involved in the industrial mechanism, others in the social consequences which arise out of its operations. Social inequalities will be affected by Socialism. Indeed, Socialism would be a very futile scheme, would not be Socialism in fact, did it not aim at some amendment of the rules of Equality and Inequality which govern present conditions. It is exceedingly important to know in what directions it proposes or suggests alterations. It is equally

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important to consider whether the alterations which it may occasion are likely to be restricted to those which it avowedly seeks, or whether other and more far-reaching changes may not accompany its action.

2. Economic inequality is of two kinds, and arises out of two sources—the differences of human activities and the existence of property in land and capital. In the former case the difference in wealth corresponds, though only roughly and in the long run, with some difference in the powers and capacities of individuals. In the latter case there is no such relation. This distinction, according to Socialists, is important in every respect, and especially from the point of view of a community which desires to evoke the full efficiency of its members. It is one thing, they would urge, that a man should be richer than others because he is more industrious or more able; it is another thing that he should be richer because he owns a large quantity of acres or a number of shares in joint-stock companies. Property of this kind has been justified in comparison with that property

Causes of  
Inequality

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which is the result of immediate exertion on the ground that it too was once the result of exertion, and has been handed down from one generation to another; and with the exception of that portion of land which is not due to improvement the first portion of this statement is approximately true. But while at some time or other wealth was the result and did correspond to a difference in personal power, industry, or capacity, it is not with regard to wealth in itself that the foregoing distinction is drawn, but with regard to that portion of it which serves as capital and yields an income. This income comes to the individual not because he produced the wealth, but because he permits its employment as capital. However advisable it may be to guarantee interest and the payment of profits, so far as they arise out of the ownership of capital, it is important to recognise that the differences occasioned by such payments do not imply any corresponding differences in human activities or efficiencies.

Socialism, by undertaking the organisation of production, necessarily involves the abolition

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of inequalities which arise out of property in land and capital, and aims at the nationalisation of the instruments of production (land, capital, etc.), and of the income arising out of these.

3. As it does not, however, aim at the nationalisation of human activities, it does not imply the removal of these inequalities, which correspond to differences in them. It cannot be too clearly recognised that Socialism does not necessarily involve the abolition of inequalities in wealth, save when these are due to the possession of the means of production. It may even, and quite logically, allow of differences in wealth (not capital) transferred either by gift or by bequest. And it certainly does permit in principle variations in rewards, wages, salaries, payments, or whatever they may be called, according to the efficiency or usefulness of the persons concerned. Communism does aim at a dead level, but then in this respect it is in direct antagonism to Socialism.

4. Opponents of Socialism urge, however, that, despite its profession, there is a strong tendency in the direction of actual equality. Does Socialism imply absolute Equality?

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So far as certain bodies of Socialists are concerned this is no doubt correct. Particular manifestoes have given voice to such a demand, though in so doing they are advocating not essential Socialism, but Socialism with a certain infusion of Communism. In some cases the action of the advance guard of a movement betrays its natural tendency, indicating in this way the direction in which it will inevitably, though at first unconsciously, be borne. Is it so with the Socialist Left? As yet it is impossible to speak with decision. A large body of English Socialists certainly do not acknowledge such a feeling and such an aim, and in support of this tacit disavowal it is just to say that the admixture of Communistic sentiments in the main Socialist propaganda has not grown stronger as time has gone on. Many Socialists at present see, as their critics see, not only that inequality is inevitable, but that inequality in wealth is good and desirable provided it corresponds to true differences in efficiency. To lose sight of this would be a danger, and the danger, though perhaps not prob-

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able, is one which must be taken into account.

5. But Socialism will have certain other effects. The income received by the State, in its <sup>Its effects in this direction</sup> threefold capacity of landowner, capitalist, and employer will, it may be hoped, suffice for more than its present expenses. In such case the employment of the surplus in the public service will be a matter of importance. There are several things which may be done. It may be used to reduce the price of commodities in general, or of some commodities in particular, with the result of benefiting consumers in general, or a certain class of consumers. Should this reduction be made on the articles of greater necessity, the classes whose chief expenditure is on such will be disproportionately benefited. Those lower in the scale of inequality will be raised. But the State may equally well use such surplus revenue in the provision of certain social advantages, recreative, educational or miscellaneous. It might provide, for instance, gratuitous medical advice, free concerts and theatres, and a system of



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education free in every branch for those with even a modicum of aptitude. A great system of national pensions would swallow up a large sum of money. By such expenditure, as by cheapening necessities, while the whole community will be served, those having small means, receiving lower payments, will be more particularly benefited. To such an extent is this true that a very possible criticism of such Socialism is that the general high level thus produced by the action of the State would render the inequalities caused by differences in wages and salaries both unimportant, and insufficient to stimulate exertion, activity, and skill. But such a difficulty is one rather of appearance than fact, and could easily be met by increasing such differences until the desired result should be produced. The main object of the Socialist State in such expenditure would be rather the provision of equal opportunities than the production of generally equal conditions, following in this respect the example of most modern administrations which have undertaken any social expenditure.

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6. There is, it is true, some risk that the new system of production may not result in so great a total produce as that which it has displaced, in which case better distribution, resulting in less inequality, may be in part counterbalanced by a reduced production. <sup>And possible consequences</sup> Granted this possibility, it is not unreasonable to prefer, as Socialists probably would and certainly should prefer, a condition of moderate total wealth, together with moderate individual wealth, to one in which there would be a larger total, though owing to the existence of inequalities great individual riches and poverty. Were production too much lessened it would be impossible to justify such a choice, but short of a certain point, it would seem fairly defensible. Inequalities of wealth are not, Socialists may consider, in themselves a social advantage. When due to personal inequalities they are a social necessity, but only an advantage by reason of their connection with these latter. So far from conferring benefits upon society, habits of great luxury hamper its free development, by causing, in the first

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place, jealousy and rivalries in display, in the second place, continual efforts to maintain a higher standard of material comfort than is necessary, or even possible to many making them. Much expenditure takes place not in the least because it results in pleasure, but because the action of others makes it a social necessity.



### III.

#### SOCIALISM AND THE GROWTH OF MODERN INDUSTRIALISM.

1. THE claim of high antiquity, so often and so emphatically advanced on behalf of Socialism, is, as regards its more systematic organisation, not only untenable, but misplaced. There is no more effectual way to impair a rational confidence in the efficacy of an institution as of a remedy than the assertion of its universal applicability. The panacea for all times, as for all ills, is too often a cure for none. So far as the underlying principle of Socialism, a belief in the entity and action of the State, is concerned, there is no doubt a certain validity in the assertion; but in the case of systematic Socialism, its main claim consists in the fact that it

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Modern is of modern rather than of ancient origin. It has been devised to meet modern and not ancient difficulties and needs. Indeed, it is not too much to say that, whatever its practicability, it has grown up with and largely in response to those difficulties and needs.

Its connection with the Division of Labour 2. The critical distinction between the present system of Industry and those which preceded it was brought into clear relief by Adam Smith, when his fine and almost prophetic intuition led him to place in the very forefront of his book, and to treat as the key to modern Industrialism, the Division of Labour. This had existed before. Far back as history can go there are traces of some division of labour and some specialisation of functions. But when the *Wealth of Nations* was published (1776), it was rapidly becoming something more than one element among many; it was assuming the position of the central principle of industrial organisation. The history of the century and a quarter which have elapsed since then has been a record of the increasing prominence it has acquired, and of the manner

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in which it has permeated the different branches of commerce and industry. Labour in all its grades has become specialised; functions are differentiated; industries have become localised.

In these words a broad distinction may be marked between the Present and the Past. Modern  
Features

And with the change the nature and methods whereby Production seeks to satisfy consumption have been rendered clear and precise. Certain features require particular notice.

3. *Consumption and Production*.—The distance between Consumption and Production, Consumer  
and  
Producer or between Consumers and Producers, has been augmented. In early stages of society, and the earlier the more completely, consumption was as it were a definite and constant demand, and production a definite attempt adjusted to the supply of those things which were demanded, and so long as localities produced for their own needs, so long, that is, as the producer was in close personal touch with the consumer, some such relationship was preserved. But of recent years such connection has, it is urged, become so attenuated that it has practically vanished.

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Articles are produced because it is thought that they will be required, while in many cases the pushing of wares is effected with such dexterity that their consumption is actually occasioned, just as a conjurer forces his cards on innocent members of his audience. Of course the work of production is not undertaken unintelligently and without reference to the probable needs of the country, for a great element in business success consists in the skill of gauging the possible markets, and the intelligence brought to bear on this task ranks very high. But despite all efforts the fact remains that goods are produced which are not wanted, at prices at which they are not wanted, and in quantities in which they are not wanted, since, however correct the forecast of the need and demands of society may have been, there is nothing to prevent too many producers from simultaneously making this forecast in ignorance of each other's intentions and of a threatening over-production. This difficulty is one which even besets the supply of the more necessary goods for which the demand is fairly certain and regular. Too

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many people may rush into a trade through a misplaced belief either in its possible extension or in their own peculiar aptitude and advantages. Cotton, for instance, is an article in fairly certain demand; but the past and present conditions of the cotton trade, with its fluctuations and overstocking, show the great extent to which the production of even a standard commodity may be affected. The distance between consumer and producer has been inevitably increased.

4. *Competition.*—In a system such as that <sup>Competition</sup> which has been just commented on the one guide is competition, which is and has to be relied on for securing that each man is performing those functions for which he is best fitted as compared with his fellows. In effect this means that success alone can show whether a man is doing what is wanted or what is not wanted. If he has made a mistake either in his vocation or his products he will be taught by the result. Whatever view a critic may take of the inevitability of this method he cannot deny its possible and actual wastefulness. A walk through a town street, and especially a



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suburban shopping street, with its multiplicity of little boot and shoe shops, of shabby drapery stores, of shops with mouldy sweetmeats, and of obviously half-bankrupt stationers, is a pictorial illustration of the waste of competition in one department of life. Discharged mill-hands and failing businesses add their evidence.

But some have gone further, and supplemented their denunciations of the waste of competition by the gravely expressed doubt as to whether it is successful when most successful. Paradoxical though this seems, the meaning is quite simple. A few illustrations will help. Do the best doctors get the best practices? Do the best articles command the largest sale? These and other questions touch the point at issue, which resolves itself into the inquiry whether purchasers, patients, clients, and the like, are not often led into taking, not that which is best suited even for their purposes, but something which wholly external circumstances force upon them. In the purchase of a particular soap, however good it may be, it would be difficult to estimate the degrees in

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which the purchase is due to the knowledge that the soap will assist ablution and to the effect of a judicious advertisement. With regard to goods which are not what they profess to be owing to the addition of ingredients which a private individual is incapable of detecting, the purchasing public is protected by the Adulteration Acts. These, it must be remembered, relate to other instances than the admixture of a harmful ingredient, for margarine, however innocuous, may not be sold as butter. But what is to protect the public from buying, not that which is best fitted to its needs, but that which is best pushed and advertised? That there is some force in the accusation thus levelled against competition probably even those will admit who deem that in the long run the best article, as the best man, comes to the front, for in the intervening interval there may be a great waste, and, so far as men are concerned, possibly an irretrievable waste.

While competition undoubtedly exerted considerable force in earlier centuries, it has grown much keener and extended over a much wider

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area since the introduction of the system of great industries. So powerful has it become that custom, which once was of chief, is now of but secondary importance. Formerly custom was powerful, and the competition which existed was in the main local, but now it is competition that is national, if not international, while custom exerts, at the most, a local influence.

Economic  
Interde-  
pendence

5. *Economic Interdependence*.—A natural result of the great division and specialisation of labour has been an increase in economic dependence. A man is usually employed in the production, not of things which he wants, but of things which he imagines others to want. They in their turn produce for him. But further than this, complete production is rarely the performance of one individual. It is the task of many, working at different processes, performing minute individual functions, which combine in the completion of the article required. No man produces a yard of calico; each man employed in weaving does a part of the weaving, each spinner a part of the spinning; those employed in and about the machinery must

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lend their aid; while over and above must be taken into account the labour of those who have prepared and brought the raw material, made the instruments, and built the building required for the production of calico. But though no man produces a yard of calico any more than any one man makes an entire pin, the one, with his fellows, may make thousands of yards, the other millions of pins. In each and every case the harmonious performance of many functions and processes is necessary. No one can do without his fellows any more than they can do without him. Without the aid of others the labour of each solitary single individual will be futile. This dependence or economic interdependence has increased greatly of late years, with the lapse of which man has slipped more and more from the position of an artificer, largely controlling and completing production, to the position of a part, and a small part, of a process. His individual share in the manufacture of any single article has steadily decreased. With this decrease his own economic independence has, of course, dim-

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inished. If the labour of one is to be of any effect it must be knit in with that of others. This new economic unity, with its corresponding loss of individual independence, furnishes what may be called the basis of the theory of social claims against Society which we know under the name of Socialism. Its plea may be put in another way:—*Society should duly and effectively recognise the claims which individuals who have given up their economic independence on its behalf have upon it.*

Capitalism      6 *Growth of Capital and Capitalism.*—Side by side with the division of labour, partly as consequence and partly as cause, capital has grown into importance as a condition and integral part of the system of Great Industry. As the years have passed by in their measured procession they have swept with them into the irrevocable past the multitude of small craftsmen and small masters, leaving Capital and Industrial Capitalism in proud predominance. About the use and importance of capital there is really no dispute. It may be that Socialists are at times anxious to minimise them, but even they

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vouchsafe to them a recognition as real, though perhaps not as reverential, as that of the admirers of the present system. To underrate them too much would be to strike the Socialist's main argument out of his hand. He complains of the force which private capital exerts at present, and of the danger caused by its concentration into too few hands, so far as use is concerned, even though it be true that its *actual ownership* is more widespread than was formerly the case. With regard to the manipulation or use of capital, it is urged that as great employers succeeded the small masters, they in their turn are being displaced by great Companies, Trusts, and Unions, with the natural result that the direction of industry lies to all intents and purposes in the hands of a few.

7. Is there nothing to write down to the credit of the modern industrial system is a <sup>Present</sup> <sup>System and</sup> question which may well be asked. Its main advantage has been an immense increase in <sup>Its Advan-</sup> <sup>tages</sup> the productivity of effort,—whether of labour or capital need not matter for the minute.

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Society, to put the matter concisely, can gratify more wants with less exertion and trouble.

But though both parties, Socialists and non-Socialists, may grant this, they must part company after this common admission, the former considering that the chief fruits of the increased productivity have fallen into the laps of the owners of land and capital who do nothing, or have been picked up by the profit-mongers (both speculators and employers), who play the part of the intelligent vultures in human society. They say further that as the increase is due mainly, if not wholly, to Society, it belongs of right to what they call the class of workers. In opposition to this it is replied that the increase is due to the saving of capital on the part of some and the ingenuity and ability of others, the organisers or employers; while it is also alleged that the mass of the working class has partaken far more freely than any others of the benefit, which is mainly consequent on the skill, etc., of others. The divergence is one not of theory alone but of fact.

Meantime, Socialism, fastening its gaze rather

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on the disadvantages than on the advantages of the Industrial System, rests on them a sweeping indictment. The present system, and with it society, is arraigned on three counts, with reference, that is, to the Economic Dependence of the Individual, Competition, and Capital.

8. Socialism correctly involves the assertion <sup>And Dis-</sup>that Society owes something to the individuals <sup>advantages</sup> who in her service have forfeited their economic independence. Though some such duty is always implied in the conception of Society, and thus always incurred wherever organised society exists, it is both greater and more pressing when the various individual members have been reduced to little more in their economic aspect <sup>Depend-</sup>than parts of an intricate mechanism. In a <sup>ence</sup> system less highly developed, with, it is true, a much smaller total production, conditions of employment, save so far as weather and violence were concerned, were fairly stable, and a man could, as a last resort, undertake the production of some of the things which he himself required. But at present not only is the uncertainty greater, but those thrown out of work, owing to



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changes in fashion and temporary alterations in demand or supply, have nothing to fall back on save casual work, in itself uncertain and undesirable. Though it cannot be denied that an increase in productivity has taken place, it may be fairly argued that this has taken place at the cost to the individual of his economic independence or power of self-maintenance. In addition, the question is raised as to the extent to which specialisation has restricted the individual within one narrow channel, and thus deprived him of the ability to perform other tasks when deprived of the work to which he is accustomed, so specialised have become both labour and man.

9. Just as some idea of duty towards its individual members would seem to be involved in the most elementary conception of Society, some recognition of such has manifested itself in the acts and policy of most modern states. A sound society cannot allow of its members being sorted out for existence or death by the sieve of Competition. The Right to Exist is guaranteed by legislative measures like the

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English Poor Law, though coupled with certain and unpleasant conditions. To these conditions, as entailing disgrace and great discomfort on those who apply for assistance, Socialists, in common with many others, object. They contend that the action of the last two centuries has been retrogressive, that the increase in industrial complexity, in place of being accompanied by improvement in this respect, has witnessed greater harshness introduced into the conditions. The practicability of relaxation is a question which Socialism only takes into account in order to hurl an accusation of impotence against the existing organisation. In addition to the Right to Exist, the State is frequently called on to guarantee the Right to Work. Some such idea would seem to have been present in the minds of statesmen when the English Poor Law was first drawn up; and in certain other cases it has received, at any rate, a theoretical recognition.

10. In the second place, Competition is indicted as blind, wasteful, and destructive. Its blindness as a guide is shown in the un-

Wasteful-  
ness

## THE SOCIALIST STATE.

telligent method it involves of allowing each man to adopt what position he likes, with the prospect of being disgraced if he prove himself less efficient, or in many cases less pushing or specious than others. Wastefulness is a no less inherent feature. Time is wasted, goods are wasted, and men are wasted. In the last case the destructive aspect of competition reveals itself. In its course it has often occasioned a loss not only in life but in efficiency, by reason of the tendency towards degeneration when labour has been commenced at too early an age, or carried on under bad conditions. How constant and clear has been the recognition of the evils of competition by others than Socialists the frequent efforts at its regulation show. History is full of them. In many instances these attempts have failed, bringing about, indeed, more harm than good. In one direction only, that is so far as the conditions of labour are concerned, can a large and constant balance of benefit be claimed for state control of Competition (Factory Acts, etc.). Partly in consequence of the failure in other direc-

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tions, partly in consequence of the success which has followed state action in this one, Socialism advocates the supersession of the present productive system by one entirely new. It would substitute the conscious organisation of industry for one which is unconscious and which works its policy out through competition.

11 In the third place, Capitalism is sub-  
jected to criticism. With regard to the relative  
merits and demerits of Capitalism as apart from  
the two preceding matters, there is considerable  
room for difference of opinion. The accusa-  
tion levelled by Socialism may be digested into  
three assertions. Firstly, it is asserted that in  
the struggle in which capital and labour, or  
their owners, are involved, capital has undue  
advantages, owing in the past to its greater  
powers of combination, and in the past and  
present alike to the fact that its possessors can  
hold out longer than can those who depend  
for their support on the earnings of labour.  
Secondly, the share of capital in the product is  
said to be largely increased. The increase of  
production, according to Socialist theory, is

And one-  
sidedness  
according  
to  
Socialists

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mainly monopolised, or at any rate liable to be monopolised, by interest and profits. This proposition underlies the so-called Iron Law of Wages which has been enunciated by Socialist writers, and incorrectly attributed to Ricardo. It calls for subsequent examination (pp. 79-84). Thirdly, it is contended that, inasmuch as the increase of productivity is not due, or not mainly due, to any incidents attending the private ownership of Capital, the payment to such owners of a large share, and particularly of an increasing proportionate share, is unjustifiable. It is a fraud on society as a whole for the benefit of one class. This likewise requires examination.

Possible  
Exaggera-  
tions

12. In the above sketch certain grievances and alleged grievances have been noticed. Of these some may seem untrue or exaggerated in the statements made, others inevitable. Again, it may be considered that the counterbalancing advantages should be more highly estimated than is done by Socialists. With regard to this general view two remarks may be made. On the one hand, the fact that certain features seem

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or are inevitable, must not blind impartial students to the evil they involve. They must be faced, and their ill consequences must be faced frankly and fully. On the other hand, Socialism is rather an indictment than a judgment against Society. It proclaims certain evils, and it calls for a particular remedy. But before this can be acquiesced in, the indictment must be studied, evidence must be taken, and Socialism, together with the object of its accusation, must be judged.



## *THE BASIS OF SOCIALISM.*

### IV.

#### THE THEORETICAL BASIS OF SOCIALISM.

Theories of  
Socialism

1. THE theoretical basis of Socialism consists of a number of propositions of an abstract character, alleged in support of the proposed system, and in condemnation of that which exists at present. These propositions Socialist writers and thinkers claim that they develop either from close observation and generalisation, or by deduction from the positions laid down by classical economists, whose reasoning on these points they themselves adopt. Though it must not be supposed that Socialists are entirely in harmony with regard to these propositions which find different expression in the pages of different

## THEORETICAL BASIS.

writers, there are certain main features which have won a fairly general acceptance.

The main propositions are four, treating respectively of *Value, Capital, the Law of Wages, Crises.*

2. With regard to the important subject of *As to Value Value*, the main proposition of Socialism may be formulated in the following words:—

*The original source of exchange value is labour, and therefore commodities vary, or should vary, in value according to the amount of labour expended in their production.*

Now, in essence this amounts to the assertion that the value of a thing in exchange is given it, or in a sound state of society would be given it, by the quantity of labour it has cost in production. But this deviates very widely from that which it professes to represent, the classical economic doctrine. Despite very loose expressions and an unfortunate absence of precise language that differed, and certainly now differs, in two very important points. In the first place, while the economist asserts a tendency to correspondence between exchange value



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and cost, he does not necessarily state that the latter is the determining feature. In the second place, when he speaks of labour, he does not ignore, or at any rate mean to ignore, capital and what may be called its exertion.

**Its Errors**      3. Let us put aside this second matter for the time and turn to the consideration of the main Socialist doctrine. If that be true, the exchange value of a commodity should not, except temporarily, be higher or lower than its labour cost would place it in comparison with the labour costs of other commodities. But is this so? Take the case of articles which are naturally scarce, of which the supply cannot be increased, and for which there is a great demand. Whether the economic system be Socialist or Individualist, these articles will obviously have an exchange value higher than is justified by rule. The reverse illustrates the inadequacy of the doctrine as clearly, even if not more clearly. Supposing people to direct their efforts to the laborious production of suits of chain armour. These will, from what we know, necessitate a great deal of labour and skill; but will they

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exchange at a high value? According to the earlier Socialist theory they should, because their cost in labour is high, and their value must correspond to the labour they represent.

4. The inaccuracy of the theory in this latter case is so very apparent that an attempt has been made to evade the difficulty without impairing the original proposition, by the use of qualifying terms. Thus it is premised that the labour treated of is that which is socially necessary, or exercised under socially necessary conditions. So incompatible are its two aims that this qualification, when it removes the inaccuracy, destroys the proposition which it alters so much as to convert it into one wholly different. Of course some may hold that the sole qualification intended is that an individual who is slow or dilatory over his work shall receive for it the equivalent, not of his own labour measured in hours, but of the labour which the commodity would have cost the average man. This no doubt is right enough; but if that is all, the maker of chain armour may proceed with a clear conscience and good

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expectations. Others, however, would regard *socially necessary* and *socially useful* as interchangeable. No production of an article which is not wanted can be taken into account. It is a waste, and it must be treated as waste. This again is right; but does it not hopelessly alter the original doctrine? It is another instance of the subversive efforts of commentators. Some labour is more socially useful or socially necessary, and other labour less, and that which determines its place in the scale is the value of the commodity. Take the case of carved ivory hair-brushes, which cost a great deal of labour. They possess a high value. Yes, a Socialist might respond, because they cost a great deal of labour in production. But if twice the number of carved ivory brushes are put on the market, each brush will have a lower value, despite the fact that it has cost as much labour as those which were originally made. To say that commodities will have an exchange value because of the socially useful labour expended on them amounts, it would seem, to the assertion that

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commodities will derive their value from labour, which derives its value from that of the commodities. It may be said that the introduction of collective production will so alter the circumstances as to make the Socialist doctrine of value truer and more accurate than it is, or indeed can be, under competitive conditions, since the State will then be able to indicate the commodities that are to be produced and the work which is necessary. But it will only be able to indicate them through finding out that they are required or demanded in certain proportions.

5. But inaccurate though it is, to say that value is the result or the creation of labour, it is none the less true that there is, or rather that there tends to be, in the case of most general commodities, a certain relation between the cost of production and value. Value, it must be remembered, depends upon the extent of the demand which there is for the commodity in question, as well as upon the difficulties which there are in the way of its supply. In the case of most commodities the main con-

Relation  
between  
Value and  
Cost

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dition of supply, and of increase of supply, is the expenditure of labour, including with it capital. But there is something more to observe. The possessors of labour-force, taken on the average, in their attempts to employ their labour as profitably as they can, will, if they find their labour more productive in one direction than in another, gradually seek employment in that direction. Taking the community as a whole during a considerable period, it is probably quite true to say that labour flows into the channels and places where it will receive the highest remuneration, that is, where it will result in products of the greatest value; for a man, if he can produce a product of high value and a product of low value with the same exertion, will in most cases choose the former task. In this way then there tends to be some relation between the values of commodities and their respective costs of production. The ratios of costs of production and of values will tend to be the same. It is sometimes said that articles tend to exchange in the ratio of their costs of production; but this,

## THEORETICAL BASIS.

though not necessarily wrong, is misleading, in so far as it suggests that values are accommodating themselves to costs of production. It is more accurate to say that the ratio of values and the ratio of costs tend to be the same.

In this latter conception of cost the effort of capital, as well as the effort of labour, must be included. As this will be more fully discussed hereafter (pp. 71-74), it is here only necessary to note this point of difference between the conception of value as related to cost given above and that of labour value in Socialist theory

6. It may appear as though (with the exception of this point with reference to capital) there were but little difference of real importance between the two conceptions. But any such conclusion is entirely wrong, for the difference is critical. According to both there is some correspondence between value and cost, but according to one only, the Socialist labour-jelly\* doctrine, is value occasioned by

Fatal Error  
of the  
Socialist  
Doctrine

\* The doctrine, that is, which represents commodities as being for purposes of value so much concentrated actual labour.

## THE SOCIALIST STATE.

cost or, if we retain their expression, labour. The difference is, it must be repeated, of critical importance because of the objects for which this doctrine has been employed. One of these is theoretical, the other may be called practical. The theoretical object is to demonstrate the injustice of all claims made as interest and rent. It is argued that the capitalist is engaged in expropriating the labour out of a share of value, it having originally possessed all value, inasmuch as value is solely due to its presence. Whatever the other grounds are for holding that interest is an unnecessary payment, this particular reason depends on a theory of value which is inaccurate. To the validity of the assertion of injustice, or want of necessity, we shall return again. The practical object is to establish the particular means whereby services are to be estimated and prices paid under Socialism. But inasmuch as labour, or, to take the wider term, cost, does not create or determine value, to assign this new function to it is to expect the cart to direct and move the horse. Labour hours may possibly be used

## THEORETICAL BASIS.

to express values both of labour and commodities—that is, of wages and prices; but if so, not only must different grades of labour be differently rated, but likewise the same grade, according as it is employed in the production of commodities more or less in demand. By this means an automatic and voluntary transfer of labour will be induced from the channels where it is less to those where it is more wanted.

7. With regard to *Capital and its remuneration*, the theoretical teaching is diverse, but its most important element is that—

As to  
Capital

*Capital represents the labour involved in its production, and nothing else; and, therefore, if that labour is remunerated by the production of the wealth used as capital, it is equally so by its reproduction; wherefore, interest is unnecessary.*

It is with regard to Capital and the payment of interest that the question of exploitation mainly arises. The expression of the Socialist position is manifold, in its cruder forms lending itself to ready disproof. To assert that, because at one time labour (being on hypothesis

Error of  
Socialist  
Theory



## THE SOCIALIST STATE.

the only agent of production outside the land) took as its share in remuneration the total value of products, capital, which has since become a most efficient agent, can take no share without expropriating labour, is as much as to assert that, because at one time all labour was rude and unskilled, skill should not now be paid for. But this is not the position indicated in the above statement. That may be held to raise two questions—firstly, whether there is a rate of interest, and secondly, whether that rate of interest need be paid to individuals. Interest

The first, which is one of very high theoretical importance, obviously rests on the efficiency of capital and the sufficiency of its supply. The remarkable efficiency of capital in reducing the quantity of labour required to produce a certain amount of commodity is probably not seriously in dispute. That some writers seek to minimise its worth is chiefly due to their wish to impress on their readers the superior importance of human physique and calibre to capital, and also their difficulty of attainment.

The use of capital occasions more than its own

## THEORETICAL BASIS.

replacement. After that is accomplished there is a fund left over, as it may be said, for division. But this surplus fund should, some urge, find its way into the pockets of the public by a general lowering of the prices of commodities as compared with wages. Now, even in our present industrial system, and owing to competition amongst those having or using capital, a considerable effect has been produced in this direction, but the extent to which the utility of capital results in the lowering of prices is limited by the relation which the supply of capital stands in with regard to the demand for it. That determines the price which those wanting capital offer for it; and the price is its interest. Under present circumstances this is the rate of interest. But it is urged that in the Socialist State interest will not exist, as there will not be individual competitors for it. True though this may be, it makes no difference, for the important thing is that there will be opportunities and branches of industry competing for it. Under Socialism a rate of interest and a rate of profit will exist, but it will be paid all

Under  
Socialism

## THE SOCIALIST STATE.

into one pocket—that is, the pocket of the State. It may be said, why should it not all go in reduction of price? It may be applied in a certain way to this purpose, as indeed to any other; but initially it will be paid into the public treasury by those branches of industry in which it is earned. Were every industry in equal need of capital—that is, were capital equally needed in all departments—all prices might be reduced by the rate of interest without evil results; but while more capital is used in some than in others, the reduction would be unequal, and so some consumers would be more benefited than would others.

Its  
Feasibility

8. But a review of the Socialist proposition from a wholly different point of view suggests a reason for the existence of some payment in addition to the mere replacement of capital. According to it, replacement is to be deemed sufficient because the labour occupied in production was exerted in view of obtaining that precise amount of wealth. So far as simple quantity of substance is concerned, the two are no doubt exactly equivalent; but the ultimate

## THEORETICAL BASIS.

object stimulating men to exertion of their powers, and thus constituting their remuneration, is not material substance, but the pleasure derivable from it. Men work not to obtain a certain number of yards of flannel and cloth and of pounds of beef and bread, but because they want subsistence, warmth, and other kinds of satisfaction. This anticipation of satisfaction, which affects the mind and urges to new displays of energy, is more or less effective in its promptings according as it is likely to be experienced at a near or a remote date. To a man working in 1895 it is one thing to expect the reward of his labours during, or at the end of, the year, and quite another to expect it at the end of two, three, or a dozen years. This amounts to saying, as has been said, that a hundred pounds now and a hundred pounds in ten years' time are two different things so far as their utilities and stimulative effects are concerned. But if this be so, it is incorrect to urge that future replacement of a certain quantity of commodity is a remuneration equal to that given by the original sub-

## THE SOCIALIST STATE.

stance. Under certain conditions, of course, it may be; but, on the average, the man who will labour because he wants a thing, and knows he can get it at the conclusion of his work, will not labour so hard, not having the same incentive, if he will not get it till two years hence. It may be said that if he postpone consumption he does so at his own option, and under no form of coercion. This is true; but the question for the community to consider is whether it wishes to stimulate saving and the formation, not the private use, of capital. Will not the conduct of the Socialist State itself be affected by this consideration?

9. But there is a second reason, which brings us to a like conclusion. As the same quantity of commodity or substance at different times presents to the person contemplating the merits of production, consumption, and postponement different utilities, is it not also the result of wholly different costs? In a progressive state of society and industry the advance is from a less efficient to a more efficient condition of production: a given amount of commodity is

## THEORETICAL BASIS.

the result of less exertion because of the economies and inventions brought into action. And these, it must be remembered, would be impossible but for the use of capital. If labour values be adopted, the mere replacement of a certain quantity of commodity implies the substitution of that which has a lower for that which has a higher labour value. And the two are to be called, ironically let us hope, equal! One method of replacement, and that the most authoritative method, avoids this difficulty satisfactorily. It has been suggested that all postponement shall be in labour value, and that consequently the man who postpones will, if labour become more efficient in the future, receive more. In this case he will receive something closely akin to interest, though it may not correctly correspond to that which would equate the future with the present utility in the mind of the man who ponders whether he shall postpone or not.

10. These considerations, which mainly conduce to show that there is a necessary interest, go some way to answering the second

## THE SOCIALIST STATE.

question proposed above, as to whether interest need be paid to individuals. One thing is clear. If individuals do not save, interest need not be paid to them ; but this is insufficient. What if they do save ? In a state of society, of course, which allows of private employment of capital and foreign investment, there is no doubt that interest must be paid if the State wishes to borrow capital ; but as these will be wanting under a completely socialised system, the payment of interest will become a matter of expediency, and of the extent to which the Socialist State contemplates interference with private action. Under certain conditions it is possible that saving may continue undeterred by the absence of interest ; but then, under certain conditions, saving might continue even if deliberately penalised by a discount, and labour might be exerted as efficiently if its rate of remuneration were reduced. As to interference with private liberty of postponement, it may be said that this will not be prevented. That, of course, depends on what is termed prevention. In effect the Socialist State will say, you may save, but if you

## THEORETICAL BASIS.

do, you shall be mulcted of a portion. But this latter criticism, of course, applies much less, as has already been observed, to a system in which the amount postponed will be measured in labour value, inasmuch as that involves, as it were, a share in the general fortunes of the society.

11. Another proposition is laid down as to the *Wages of Labour* as follows:—*Under the laws of competitive industry, in the progress of industry labour successively receives, if not an absolutely smaller amount, an actually smaller proportion of the total product of the society.* As to Law of Wages

The question is not one of amount, but one of proportion; and so the reply, sometimes attempted by means of a demonstration of the general rise in wages, must be regarded as beside the mark. That they decrease in proportion to increase in other income The argument by which it is sought to establish the above position can be briefly summarised. Owing to competition, it is said, commodities and services alike tend to be exchanged, or to have value in the same ratio as that of their costs of production. To this they are one and all forced down, because the



## THE SOCIALIST STATE.

labour or forces producing them are ever seeking the best opportunity for the display of their energies. A higher value merely attracts more labour into a particular direction, and the new supply reduces the price, until correspondence between value and the cost of production is once more attained. In the same way labour, which, according to Socialists, is a mere commodity in a capitalist system, will obtain as its reward that which the connection between its supply and the demand will allot to it. In the same way too, they urge, it is possible to go further, and to say that labour will obtain as remuneration that amount which corresponds to its cost of production, and no more. The cost of production of labour is that amount of necessities which constitutes what may be termed the necessary standard of life. If, owing to temporary circumstances, wages amount to more, population will increase in due proportion, and once again cost of production and wages or price of labour come close together and coincide. That effort and industry grow more efficient, and issue in an increase of pro-

## THEORETICAL BASIS.

duction, is not to the point, and will not add to the remuneration of labour, which consists necessarily not of the amount of a certain quantity of labour, but of a certain absolute quantity of commodity. Even supposing this be increased somewhat, it will not, owing to the tyranny of capitalism, be increased so as to hold its former proportion of the total products of the society.

12. But the validity of this chain of reasoning depends on a particular assumption which, if not suppressed, is often so treated as to seem much less important and vital than it really is. The general fact that, owing to competition on the part of Labour, commodities will tend to exchange in a ratio corresponding to that of their respective costs of production, has nothing to do with the wholly different statement that a high rate of payment will lead to an increase of population. Whether this be true or false, it depends on altogether other grounds. This has been largely obscured owing to the confusion introduced by writers who have chosen to call the labour which produces the commodities com-

Error of  
this as  
Theory

## THE SOCIALIST STATE.

posing the so-called *necessary standard*, the cost of production of labour. To give it this name is to seek support for a doubtful case from a doubtful analogy. The questions at issue are, firstly, whether population does increase with an increase above the customary standard of necessities; and secondly, whether there is one invariable standard. As regards the first there is much doubt, some writers replying in the affirmative, others alleging that there are other factors of equal importance to be taken into account in the law of population; but a decision in either sense will not affect our estimate of the proportion which wages form of the total produce, unless the so-called cost of production of labour, that is, the necessary standard of life, be shown to be fairly unvarying. If the necessary standard, or the standard of comfort, as most classical economists term it, is variable, the so-called cost of production of labour is always changing, and it cannot be said that wages necessarily tend to absorb a smaller proportion of the whole. Critically examined, the proposition is hopelessly unsound. Its most obvious

## THEORETICAL BASIS.

inaccuracy consists in the want of proof that the necessary standard is invariable or anything but most variable. The extent of this variability is a matter for actual inquiry; but the slow increase of population in all developed countries would seem to point in one direction—namely, that with development and growth of material prosperity comes a certain and very great rise in the standard of comfort. But this is a question of fact, not a matter of theory, and must be canvassed in another place (VI.). As theory, the Socialist proposition is bad.

13. We may, however, take these several <sup>Advantages of Capital</sup> Socialist assertions as valuable, in so far as they suggest the existence of a tendency antagonistic to the high payment of labour. Such as it is, it consists in the greater advantages which capital, by reason of concentration and endurance, possesses over labour in any conflict of interests. Though this has no doubt been partly met by combination, with a consequent rise in the standard of comfort, it is possible that the dangers which this superiority involves might require to be further guarded against.

## THE SOCIALIST STATE.

At present, public sentiment is a powerful safeguard of the interests of labour.

As to  
Crises

14. Another evil is, in the opinion of Socialists, directly and solely traceable to the unnatural separation which has taken place between labour, in their view the cause of value, and value. *Crises* are occasioned.

*Owing to the separation between labour and value, and the consequent expropriation from their due reward of those who possess and exert labour, a commercial crisis is brought about by reason of over-production and under-demand.*

Labour, which governs exchange value, and which coexists in persons with demand, is deprived of its power to demand commodities, while those which it produces, or at any rate the larger portions of them, are appropriated by others. To the extent to which this proposition depends on the relation between value and labour as its cause, it is open to the criticism made on this specific point; but putting this consideration aside, the position taken up is open to question on entirely different grounds. At

## THEORETICAL BASIS.

one time the term over-production was used <sup>Over-</sup>to mean universal over-production, or rather over-<sup>production</sup>production of all things. But in the above proposition, as in general usage, it is now held to imply that, while most commodities are produced and stocked in great quantities, those who should, and under sound conditions would, purchase them, have no power of doing so. Where demand should be there is only desire. So far as abstract theory goes this condition would seem to be rather one of misproduction than over-production and under-demand. The power of purchase, even if divorced from the force which is its cause and appropriated by others, still exists; though, of course, the nature of demand on the part of the capitalist is different from that on the part of the labourer. The only assumption on which the Socialist interpretation, as given above, of the causes of commercial crisis can be correct is that those who appropriate the power of demand, or the claim to purchase, do so without having the desire of using it. If that be granted, and it must be remembered <sup>Assump-</sup>that it is entirely unproved, the situation would <sup>tions made</sup>

## THE SOCIALIST STATE.

present itself somewhat as follows:—there would be a class in the industrial society constantly exploiting those below it, and in exchange for a comparative pittance obtaining control of the commodities which they produce. These commodities constitute a power of purchase or demand for other commodities. Now it is suggested that the expropriating class obtains these commodities and tries to sell them, without any intention of completing their conversion into other commodities. If they wanted anything, whether immediately or in the future, there would not necessarily be a commercial crisis; but the assumption is that they are playing, or rather that the fate which controls them is making them play, a dog-in-the-manger rôle. But such a condition could be of but short duration. As they cannot sell what they produce, and as they do not want to buy anything with the proceeds, even if they sell, it would seem, on abstract grounds, unlikely that they would continue to employ, and so to expropriate. When they do this labour ceases to be exploited by becoming unemployed, the

## THEORETICAL BASIS.

opportunities or means of employment being monopolised.

15. But does not this point to the truth that the evil is somewhat other than was represented? The grievance against competitive industrial organisation may be digested into two charges; firstly, that it leads to much misproduction; and secondly, that the opportunities for self-employment are limited. So far as it really exists, this latter is owing to the monopoly of the use of capital. In the Socialist State there would of course be such a monopoly, but it would be a public one and for public purposes.

16. The theoretical basis of Socialism is an attempt to give a formal and precise expression to the claims of Labour as against Land and Capital. As such it does not deal with matters of degree, of more or of less. It goes far further. It places on one side Labour, on the other Property, and seeks to show not that the property owners of land and capital have had too much, but that what they have had has been appropriated from the rightful share of

Theoretical  
Basis



## THE SOCIALIST STATE.

Its  
Weakness

labour. In some sense it is a response to the theories laid down by certain writers on economics, which, while describing, seemed to justify existing conditions ; but unlike even these economic writers, its advocates seek to establish the claims of one factor of industry by the scientific negation of those of all others. In their endeavour to establish their whole position they place their dependence on abstract propositions, which rest on numerous and unproved assumptions, and contain inaccurate statements.

How far  
Important

But it must be remembered that Socialism does not necessarily depend upon the supports with which some of its advocates have sought to prop it up. In some cases they do indeed lend it strength, because though wrong when taken in their entirety, they contain elements of truth which have been too long and too often neglected. That labour has often received less than its due share of the product, that capital has tyrannised, that labour has been degraded, that unnecessary convulsions have been caused, are facts which all must recognise, though there are many different views as to their extent and

## THEORETICAL BASIS.

causes. The propositions above stated and criticised represent one of these views, and when divested of their false appearance of complete scientific accuracy contain much that is important and suggestive.



## V.

### THE HISTORICAL BASIS OF SOCIALISM.

Use made  
of Social  
History

1. THE attempt to obtain for Socialism the evidence and support of history is something quite distinct from the occasional efforts which are made to illustrate this, as other movements, by occasional parallels culled in indiscriminate confusion from the record of centuries. Of course the ardour of early advocates carried them into that phase, with the usual result of discrediting their own object by the use of inaccurate analogies and misreported facts.

Of late years, however, a far broader method has been employed. The effort is made to trace the development of mankind in their industrial relations as they pass through one epoch into another, renewing the forms of their

## HISTORICAL BASIS.

relationships and adapting them to the new necessities pressed forward by circumstances. Society in any form is the work of slow evolutionary forces, which, once set in action, develop in their inevitable course. Such a task as a sketch of the history of human society in its various phases makes considerable demands on knowledge; and it must be confessed that, with but few exceptions, these efforts at generalisation, whether in favour of Socialism or not, have been crude and unsatisfactory. No doubt much more sound information and much more careful study will be required before the philosophy of history can be regarded without suspicion, at least by the historian. Still, the method is infinitely truer and more reasonable than that previously noticed. As it has its demerits, it has its merits. Its principal demerit is perhaps the very old failing of hasty conclusions; while one of its merits certainly lies in its enforcement of the truth, old as the failing, that society is not made but grows; and the school of Socialists who adopt it may be distinguished as *Evolutionary* from those who are *Revolutionary*.

## THE SOCIALIST STATE.

Three  
Great  
Epochs

Family

2. Without going back too far, the historical advocate of Socialism will point to three great stages, through two of which society has passed or nearly passed, and a third into which it is entering. Of these, the first is the *Family* or the developed patriarchal system, best typified perhaps in the internal economy of Rome, with its self-sufficing and widely developed households. In other countries systems similar in the attributes of self-dependence and practical self-support, though less definite in form, and by no means so highly developed, have existed. Various as these systems were, both in detail and in many important points, there were things which they had in common. They were self-sufficient in the main, not necessarily in everything; custom, and not competition, was their chief guide; and lastly, the economic development, with its apportionment of individual function, was in part the basis, in part the co-ordinate of a system of rights and duties.

3. With the course of the Middle Ages this system gradually yielded. So far from suddenly ceasing, sundry attempts were made, and some-

## HISTORICAL BASIS.

times with success or the appearance of success, to preserve its more important characteristics. But as the horizon of life broadened, a system which was one of narrow horizon and limited opportunities was outgrown, and sank through weakness into desuetude. Guilds and municipal regulation maintained for a time some of the bonds and supports which had constituted the necessary organisation or expression of the energy and powers of the earlier times. But the temporary expedients, culminating as they did in legislative attempts, were able to retard though not to prevent the slow sweep of change. They could and they did ameliorate the hardships which all such economic alterations must inflict upon certain classes of the community. Little by little Individualism became dominant, bringing with it the severing of ties, and basing itself upon the inexorable forces of competition.

It may perhaps seem strange that the change was so entire, that the better part of the older organisation, with its system of economic rights and duties, could not be preserved while industry and commerce were set free from the

## THE SOCIALIST STATE.

trammels which undoubtedly obstructed them. But this only brings into prominence the contention that has been advanced by the evolutionary Socialists, to the effect that there is, and must be, very close connection between the form of the economic system and the rights and duties which citizens display towards each other in this, as in all other relations. Conditions determine because they limit the opportunity for the display of particular qualities.

Individ-  
ualist

4. In the epoch of *Individualism* a particular course of development may, it is held, be traced. Guild regulations and State regulations broke down one after the other, and the conditions under which industry were carried on became more completely competitive. But then another tendency manifested itself. Competition grows into monopoly. This direction was not suspected during the earlier part of the period, for then the opportunities for businesses and production on a large scale were very limited, and the consequent advantage was by no means great, and certainly by no means obvious. The first changes were the local separation of the

## HISTORICAL BASIS.

chief branches of manufacture and the competition of small individual craftsmen or manufacturers, working with the aid sometimes of their families and sometimes of three or four assistants, journeymen or apprentices. But two forces made a further change inevitable: the one was the increasing division of labour, the other the introduction of machinery and artificial motor-power into manufacture. Henceforth the development has been rapid. The small masters succeeded the individual craftsmen, to be superseded in their turn by the great industrial employers with their large command of capital. And now it is added these are giving place to Companies, Syndicates, Unions, Trusts, or, in a few words, to more or less developed monopolies. The epoch of Individualism is thus, by the effect of the forces which it has generated, bringing about its own end, and preparing the opportunities and means for the commencement of one that is new—that is, *the Socialist Epoch*.

5. The condition which necessitates Social-Socialist ism is, according to this view, coming upon



## THE SOCIALIST STATE.

us inexorably, and the question is not whether there shall be monopoly or not, but whether the monopoly shall be public or private. In this sense the establishment of the Socialist State is not an innovation so much as an attempt to remove the hardships involved in the progress of events. There are other aspects in the epoch of Individualism to which attention is directed, as the anarchy involved and the separation induced between systems of right and wrong and that of the economic sphere, with the natural result of lessening the force and sanctity of the former. But while there is much to be deplored in its course, it must be remembered that it was an inevitable preliminary to the introduction of a better state than that which previously existed. The lessons it has impressed upon the minds of men, of individuality, self-reliance, division of labour, had to be realised before the transition could be made from a country composed of separate groups, self-organised and semi-isolated, to a nation harmoniously organised.

## HISTORICAL BASIS.

6. The above sketch, though it does not profess to include all the various elements of proof which are brought together in the effort to construct what is here termed the historical basis, may be taken as representing the method of proof to which resort is had, and as providing some outline of the course which economic development is alleged to have taken. By way of criticism there is much to observe in the details of fact adduced to support the argument, and here of necessity omitted, as also with regard to the nature of the particular epochs themselves. No doubt much of the generalisation is crude, the more particularly so far as it premises such uniformity of type in the various cases; but this does not warrant, it must be observed, the denial that in economic history there have been particular directions which development has taken. On the other hand, it may be urged that these, and the nature and inward significance of these directions, are easily misunderstood. Thus by some who have studied the history of the periods, when self-dependent and self-sufficient organisa-

Possible  
Criticisms  
of above

## THE SOCIALIST STATE.

tion in groups gradually yielded to competition, it is argued that as that change was mainly one from unconscious to conscious organisation, the advent of Socialism cannot be compared with the advent of competitive individualism. Again, the facts of this tendency to monopoly may be questioned. Both the extent of that tendency and the success of such monopolies are matters which are touched upon in an insufficient way; and it may not unfairly be suggested that impulses in this direction, even if greater, may prove as temporary as they have been at any former time. Even should the tendency to monopoly and its advantages be proved in certain instances, it is by no means assured that the whole of future economic organisation will wear one complexion and conform to one law. Some degree of monopoly and some degree of competition may quite conceivably exist side by side. But these and other like considerations, while they serve to diminish any unreasoning confidence which might arise from premature generalisation, do nothing to discredit the manner in which it is sought to

## HISTORICAL BASIS.

demonstrate the present condition and future probabilities of our social and economic development. Nor is an argument of this kind by any means of a purely academic character. A due recognition of what may be termed the historical drift is of grave importance, for the very circumstances of the case make it possible that concrete and collective action on the part of the community may be necessitated. If the alternative to a succession of private monopolies be public monopoly, the choice which will have to be made will be a conscious and deliberate one. In certain cases the advantages of monopoly and its necessary admission have led municipalities and governments to take upon themselves functions which in other directions are performed by private energies, and Socialists believe that these are but illustrations of a system which will have to be universally, if gradually adopted. To this conclusion they are largely guided by what they consider the correct reading of our social and economic history.



## VI.

### THE PRACTICAL BASIS OF SOCIALISM.

#### Practical Evils

1. DISTINCT from the positions considered and respectively supported by what are termed theoretical and historical arguments, the former of which asserts the abstract correctness, the latter the inevitableness of Socialism, is the attitude of those advocates who, while often accepting such conclusions, base their demands mainly on present-day facts or alleged facts. Competition in its working causes certain evils, therefore away with it is their cry. Logically, of course, the proof of the evils of the competitive system is but one-half of the case, since the efficiency of Collectivism or Socialism still remains to be established; but so far as effective attack is concerned, it is by

## PRACTICAL BASIS.

far the most important half. In this connection it is but natural that the grievances alleged should be various, often indeed to the verge of contradiction, since they are urged by different people belonging to different places and having different experiences. But such divergence in certain particulars, if more than apparent, and often it is not more, does not diminish the cogency of the various grievances which exist.

2. In the forefront is the denunciation of the "waste" occasioned by competition. Those who favour competition are apt, in speaking of it, to disregard the inevitable consequences of what is termed successful competition or supersession. Even though it be quite true that it issues as a rule in the establishment of different branches of industry on the soundest and most economical basis, this result, desirable though it is, is not attained without cost, since neither the people nor the plant superseded can be automatically transferred to other employments. They are largely wasted. Not only so, but while the competition lasts there is a duplication or a multiplication of establishment

The  
"Waste"  
of Compe-  
tition

## THE SOCIALIST STATE.

expenses to an enormous extent. So apparent is this in some instances that peremptory action has been taken even in England by the Legislature and Government to restrict competition within certain bounds. Taken on a large scale, typical instances of the waste during the working of competition are afforded by railways, where, as in the United States of America, development has extended practically at the will of private rivals. A traffic enough to maintain one line has been found to be insufficient, when divided, to maintain two or even more.

So long indeed as improvement is possible and inventions continue to be made, supersession must continue. Old processes must yield and give way to those which are better and more economical. But it is the contention of the believers in the Socialist State that such supersession takes place at present irrespective of changes, and to a wholly unwarrantable extent.

How far  
necessary

3. Though it is impossible to numerically appraise the loss occasioned in this way, it must

## PRACTICAL BASIS.

evidently be very great. To this conclusion the instances both of waste occasioned in certain trades and of the saving effected by amalgamation necessarily point. Further evidence is supplied by the actual losses of capital involved in the failure of private firms and of companies, though it is to be regretted that neither of these items comes within the range of certain calculation. On the other hand, some anti-socialist critic will remark that much of this loss is the price of progress, and as such may be worth paying or not, according to the estimate to be placed upon the progress itself. So far the matter would be one of degree. But, as has already been pointed out, it by no means follows that all the loss is the *necessary* price. Under our present system it is no doubt necessary; but Socialists contend that in a state of collective production and sale the same rate of progress might be attained at a much less expense. In this way the matter at issue resolves itself into a question as to the efficiency of Socialism as a working system. The nature of this question needs definition.



## THE SOCIALIST STATE.

It does not relate alone, if mainly, to the efficiency of Socialism in certain instances. Competition works well and economically in certain instances. It relates to the efficiency of Socialism as a whole, and as the one system of production.

Danger of      4. In another direction an accusation similar  
to the last is levelled against the existing system  
of industry. It is alleged that through the  
strain it involves, as also through the oppression  
to which it gives rise, it leads to Degeneration.  
Degenera-      The grounds on which this complaint is based  
tion            are, it must be said, somewhat hypothetical and  
indistinct in character. The system is accused of  
producing that which it is considered, chiefly on  
*à priori* reasoning, to be likely to produce. Over-  
work and under-pay, with bad conditions, will  
cause physique to degenerate. So far as the  
fact of degeneration is concerned the evidence  
seems contrary to that which might have been  
expected from the standpoint from which we  
set out. Physique does not appear to have  
deteriorated in the way expected. To speak  
with certainty on this subject is of course a

## PRACTICAL BASIS.

matter of considerable difficulty; but the facts which have been adduced with regard to mortality, together with the auxiliary evidence collected from other sources, warrant such a modified conclusion. This, however, does not by any means constitute an answer to the charge under consideration. For this there are two reasons, of varying application and validity. On the one hand, a time can be pointed to when the forces of competition under certain conditions were working considerable havoc, and appeared to menace the prospect of future developments. Before the passing of the Factory Acts and the cheapening of bread the condition of the working classes was one of dire gloom and confusion. Chartism, which, under the cloak of a political demand, represented a strenuous outcry for social reforms, may be taken as the index of the discontent, and of the causes which underlay it. On the other hand, the improvements in physique and other respects are due, it is urged, to the various influences which have restricted the true competitive forces; they are as it were

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the first flowers brought into bloom under the soft spring breath of Socialism. Such an implication seems nearly as untrustworthy as the analogy itself. A little of a thing may be much better than a great deal; and Socialism, like some drugs, should perhaps be always administered homœopathically. And yet the other possible conclusion is even more perilously uncertain. It is that the present system is not the present system, except in so far as it is competitive. No doubt competition plays an important part; but that it is the whole being of the existing economic system is incorrect. However essential, it is but one of several elements which are alike essential. If the charge of tending to Degeneration is made against a system of unmitigated and unrestrained competition, it may be valid; but that does not prove that it is valid when applied as a criticism to the present social organisation.

Chronic  
want of  
Work

5. Again, it is declared that under existing conditions a greater amount of want of employment, both temporary and chronic, must be experienced than would be the case in a

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Socialist state. Let us see how the want of employment arises. Putting on one side local forces, which produce local complications, the general causes which bring into existence the unemployed may be briefly summarised under the following headings:—inefficiency, arising from the fault of the individual; industrial disputes; supersession, owing to improvements and changes; commercial crises. In the first case the removal of a very powerful present cause of want of work will depend obviously on the effect which the Socialist system will produce on character; while with regard to the second, it is obvious that the pertinent change will consist in the substitution of one large employer for either a disunited number or a combination. So far as supercession of individuals, due to changes in the direction of demand or alteration in the methods of supply are concerned, there is certainly a considerable probability that these will be diminished, though in the interest of progress it may be hoped that invention will not be discouraged. Commercial crises,

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to take the fourth cause, will certainly not exist in their present form, for whatever the State does it will be obliged to continue work and to distribute pay, though in self-defence it may be compelled to largely diminish the general rate of remuneration.

Unem-  
ployed  
under  
Socialism

6. Want of Employment and the Unemployed Question will not exist so long as the Socialist State holds together, because it is among the first conditions of its being that it offer work to and employ its members; but unless the causes which at present operate to produce them are removed, this will often mean little more than that the loss occasioned by inefficient labour, more or less unwanted, will be cast on the whole community and met chiefly by the labour of those who are more efficient and in employment. In some cases this is, no doubt, amply justifiable. If society wants to buy its goods cheaper or better, owing to new methods, it ought to be prepared to meet the cost. As matters at present stand society gains, and the discarded individuals pay.

In one respect the Socialist State will have a

## PRACTICAL BASIS.

great advantage in facing this pressing problem. It will possess the necessary organisation for employing labour, and will consequently have comparatively little technical difficulty in promoting any development that may be needed.

But the ultimate means by which the unemployed will be brought into work, or at any rate cease to be the unemployed, needs a word. Work will be offered to all people able to work; but if they refuse they will have no further resource. They must starve. One of the great difficulties of the present economic system is that a primitive method of this description cannot be applied, owing largely to the uncertainty which exists as to whether those out of work have had a fair chance of work offered them. Now in a developed system of Socialism it will be assumed that they have had this. At any rate they will not be allowed to question the fairness.

7. To compare the conditions of the past with those of the present as regards the want of employment would be a task of no little magnitude. Though this has not been by any

Want of  
Work,  
Past and  
Present

## THE SOCIALIST STATE.

means adequately done, the researches and considerations which have been published at any rate serve to show the baselessness of the notion that it is a phenomenon of comparatively recent date. So far is this from being the case that well-defined attempts to deal with it are familiar to the student of the past. In an intermittent form it has been an obdurate and unwelcome concomitant of the economic development of this country; at times, indeed, lessening with the increase of favourable conditions, at times increasing. In the past no doubt it was much more a local matter than is at present the case, but this was due not to any less severity, but rather to the division of the country into districts and localities almost entirely self-sufficing and well-nigh isolated in their interests. The contention sometimes raised, that with rapid development more rapid fluctuation and greater temporary uncertainty of work have taken place, does not appear to be based as yet on well-ascertained historical grounds. It may be said to be probable; it can hardly be said to be proved.

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8. But in addition to the foregoing, an issue of possibly greater importance is raised by the contention that the wage-earning class as a body is not so well paid now as formerly. The distribution of wealth in the present and the past is a subject which has attracted considerable attention, and which from one aspect deserves the importance allotted to it by Socialists. Nothing can better strengthen the case of those who demand social change than to show that the lot of a particular section of the community is becoming more difficult and more gloomy. It emphasises its necessity, and makes necessity immediate. To paint the whole condition in its most lurid light only requires the additional statement that the wealth which ought to have gone to the benefit of the poorer class has been greedily appropriated by the richer, with the result of placing in still stronger antithesis increasing wealth and increasing poverty. This high-coloured representation of the condition of society is still used, though, so far as the prominent leaders of Socialism are concerned,

Modern  
Estimates



## THE SOCIALIST STATE.

to a somewhat less extent than formerly. They speak more about the waste, and the consequent non-production of the wealth which might have augmented wage payments. But the basis of both positions consists obviously on the belief that wage remuneration is less now than formerly.

Decreasing  
Wages

There is yet a further attitude which has been taken up by some Socialists. While they grant that there has been a general increase in the rate of wages, they contend that this has not taken place in proportion to the increase in the total income of the country, and that wages are thus being continually forced down below the *proportion* which they once reached, and still should reach. Even in this case a still more subtle position presents itself. It might be alleged that wages in their increase have not kept pace with the growth of productive control over nature, owing to invention and the like. This may arise either through competitive waste or through exploitation by owners or users of capital and land.

9. So far as waste is concerned, sufficient has

## PRACTICAL BASIS.

been said to indicate the manner in which it may occur, and the probability that it has acted as a very considerable discount on the advantages which accrue from improvements in both organisation and method. A numerical estimate, even were it possible on other grounds, would be rendered useless by the impossibility of drawing a distinction between waste which is unnecessary, and that which occurs through the supersession of worse by better methods, and which is therefore a legitimate condition of progress.

10. But there are two matters much more <sup>Modern</sup> capable of statistical inquiry, and approximately <sup>Earnings</sup> of determination. In the first place, are average wages less now than formerly? In the second place, which has increased more, the share of the richer, or the share of the poorer—that due to those owning capital, or that to those owning labour? In this latter case, it must be remembered, that the division between rich and poor does not necessarily or actually correspond to that between Capital and Labour.

11. In a comparison of present wage-earnings

## THE SOCIALIST STATE.

with those of the past many features have to be taken into account, as, for instance, certainty and continuity of employment and prices of commodities. But when this is done, can it be said that any decisive conclusions have been reached? So far as early and recent times are concerned, the matter is excessively difficult, inasmuch as the whole surrounding conditions differ so widely. But taking average real wages, that is wages as represented by the commodities and comforts supplied, and such as can be earned by the very great majority, there seems little doubt as to the much-improved condition of the workman or labourer to-day. In the case of wages obtained for somewhat skilled employments there is a probable much greater advance. On the other hand, it is urged that in the Middle Ages, roughly let us say till the sixteenth century, there was a much greater certainty of what may be called *rude sufficiency* than there is now. This is, however, more uncertain. Work, and with it, almost exclusively, food, depended then on the factors of individual willingness, good seasons, health

## PRACTICAL BASIS.

and peace. There were no doubt other elements, but they were of minor import, for the large mass of the population who were able bodied could, without going far outside their own district, provide themselves with the main necessities of life. In the towns it was no doubt otherwise, and there we do hear of clamouring for high wages, and of want other than that which came from famine, pestilence, and war. But whilst modern progress has held back the stroke of this three-fold scourge, it has introduced a mechanism of industry so intricate and delicate that want of work may arise from causes other than disinclination or inclement weather. So far were the labourers of the Middle Ages from suffering in this way that it may be safely said that a considerable part of their liability to famine and scarcity arose out of a want of organisation and capital.

12. The progress of the wage-earning classes <sup>Real</sup> during more recent years, as, for instance, the <sup>Progress</sup> past century and a half, can be treated in a way quite other than the above. Various attempts have been made to describe or estimate it from

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statistical and other records, the more especially with regard to the last fifty or sixty years. Though there is considerable difference as to degree, the most scientific and thorough of various accounts are unanimous in regarding this latter period as one of *great* general progress in earnings, a view which, to a less extent, is taken of the past century and a half. Of course there are considerable differences of estimate which, in addition to the controversy evoked by these various statements, render it impossible to do more in a short space than indicate the general bearing of scientific historical and statistical investigations. The accusation levelled against some of these as having been conceived in the interests of Capitalism only recoils to the discredit of those making it, as it shows their unwillingness to believe in the possibility of impartial study unless it confirms their own prejudices.

Earnings of  
Capital and  
Labour

13. A somewhat similar difficulty, if possible, one even greater, presents itself in the endeavour to compress into a very few words the result of the inquiries which have been made as to the

## PRACTICAL BASIS.

comparative growth of the remuneration of Capital and Labour. If this subject be taken in its most literal sense, the answer is not difficult, since the decline in the rate of interest shows that the return appropriated by the Capitalist for the success of a given quantity of capital is decreasing, while, on the other hand, it is alleged by statisticians that the return to a worker for a certain amount of labour is, and continues to be, greater. But the meaning usually applied to the proposition relates not to the remuneration of any definite quantity, but of Capital as a whole compared with Labour as a whole, irrespective of the fact that there may be a disproportionate increase in either. This meaning differs, as will be seen, from the stricter one adhered to in the discussions on the analogous theoretical problem. But even adopting this view, and allowing the Capitalist class to be represented by all the income paying income-tax, the increase, as reckoned between 1851 and 1879-80, was reckoned as but slightly greater than that of the total receipts of the wage-earning class. Moreover, the great increase

Have  
Wages  
fallen com-  
pared with  
Interest

## THE SOCIALIST STATE.

in the former wealth, according to the income-tax return, has been among those receiving small incomes, mainly between £200 and £400, which, it must be remembered, only differ from wages in being called salaries. They are paid for work. On the whole there appears to be no statistical basis for the assertion that Labour tends to obtain a less and Capital a greater share of the total income.

14. It may indeed be urged, and with considerable truth, that the cause of the increase, both absolute and possibly proportional, of the Labour income has been due to combinations on the part of the workmen and interference on the part of the Government. But, as already pointed out, these must be regarded as part of our present social industrial system. Were we engaged in a contrast between a Socialist and a purely competitive society, interferences by the State at least, with their results, would not come into the account.

Surely it is a matter for serious doubt if such arguments as the two last of those which have been instanced as forming part of the so-called

## PRACTICAL BASIS.

practical basis of Socialism are really essential. If true, they form no doubt an argument of the immediate-emergency type ; but the assumption is so great a one, and at present so unsupported, that for Socialists to rest their demand on them is like placing the weight of a bridge on its weakest piers, because they are most gaudily painted. From its view of economic society, Socialism claims that no radical and permanent cure for its many evils can be effected without the use of the remedy it advocates. Whatever may be thought of its conclusion, its criticism of so-called progress deserves most careful attention. Granted that it be exaggerated, granted that the condition of the working and wage-earning class is bettered, and has been much bettered, is the improvement anything like so great as might be expected from a review of the numberless inventions and advances of the last few, and, in particular, of the last two centuries ?





## *FEATURES OF THE SOCIALIST STATE.*

### VII.

#### SOCIETY—THE FAMILY.

Organisa-  
tion of  
Society

1. IT is proposed to examine Socialism with regard to its probable or necessary effects on the organisation of Society, and, in particular, on those institutions which are deemed of fundamental importance to its well-being and continuance. In this relation it will be necessary to inquire not only what interference it intends, but also what consequences it will occasion, either of necessity or in all probability. Between these a great distinction must be drawn. A necessary alteration is one which arises out of the due development of the essential principle or

## SOCIETY—THE FAMILY.

principles of Socialism; a probable consequence is one which is more or less likely to be caused by the intrusion of other elements, or by human weakness taking advantage of certain new opportunities offered it.

Of all institutions there are two which are generally deemed of fundamental importance to Society—the Family and Private Property. By fundamental importance it is meant that they are to be found in every organised and developed society; that they appear to be inextricably interwoven with the course of its development; to be, in fact, organic elements in its constitution; that history and analysis reveal them as supplying the formative and cohesive power to its being. If this be so, it cannot be denied that any interference with them in diminution of their strength must be regarded very jealously, lest rash hands should destroy the delicate life which makes society and the state something more than a mere dead mechanism or arithmetical computation of numbers. Hence any proposed change must be zealously examined, with a view to ascertaining its limits.

## THE SOCIALIST STATE.

To say that a change is a small one is not enough. It may seem small and yet grow to be large.

**The Family**    2. *The Family*.—In family life man first ceases to be an individual, and comes to be a citizen. Viewed in this aspect, the Family is the microcosm of the macrocosm, the State. These few words indicate some part of the importance which it bears in the eyes of most sociologists. How does Socialism propose to treat it?

The chief essentials of the existence of the Family and of Family Life would seem to be two, Stability of Marriage and Parental Responsibility. Unless these be maintained it is indeed difficult to understand how family life can exist, for in their absence it is impossible to imagine any adequate relations existing between husband and wife, or parent and child.

Will  
Socialism  
affect

3. Socialism, it may be clearly said, does not *obviously involve* any interference with the existence of the Family; it does not require any relaxation of the marriage tie, or any diminution of parental responsibility, in order to bring the institution into conformity with its prin-

## SOCIETY—THE FAMILY.

ciples. These are best expressed and understood in its projects, which, after all, are limited to an alteration of the system of production and productive ownership. Now there is no absolute reason why collective ownership and collective employment and collective State expenditure should bring with them changes in these directions. Socialism, it must never be forgotten, unlike Communism, is restricted in scope, and does not aim at a transfiguration of the institutions governing the whole domain of life. Of course there are bodies of Socialists, just as there were bodies of Communists, who urge great relaxations both with regard to marriage and the custody of children; in the former direction sometimes going so far as to advocate Free Love; in the latter, State Nurseries as well as State Infant and Adult Schools. But these extremists cannot be held to commit Socialism as a creed and Socialists as a party to their peculiar doctrines. They are an offshoot. But as an offshoot, it is worth considering whether they do not represent an unfortunate tendency or drift in Socialistic thought. The tendency is

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that of regarding Society as something which can be cut up, arranged, and remodelled at will. Society, however, is not made, it grows. From this weakness the majority of the scientific advocates of Socialism are free, but it is doubtful whether the same can be said of the rank and file of the party. It may be answered that the rank and file will have to do as they are told, that they will follow their leaders, that they are not more ignorant than the rank and file of other parties. No doubt there is much that is true in this; but it must be remembered that Socialism is proposing a very great revolutionary change in one department, and that it is all important to make sure that it shall be able to restrict the forces of change which it lets loose to that particular sphere. Socialism, however, as a system, does not propose to interfere with the existence and importance of the Family.

4. But despite its proposal and professed intentions there seem to be in Socialism certain opportunities for interference with the Family which do not present themselves in economic society as now constituted. It has

## SOCIETY—THE FAMILY.

assumed new functions, in the performance of which it may be brought seriously near the danger which it declares itself even anxious to avoid.

5. In respect of Parental Responsibility, the new educational powers of the State, and the desire to provide an equality of opportunity, may possibly operate adversely. The admissibility of State control in the case of children is chiefly a matter of degree. For certain purposes it is no doubt desirable, and the advantages gained in these directions may well outweigh certain disadvantages, provided that these do not include the supersession of parental control in the case of average parents. Some parents indeed are absolutely disqualified by their habits and vices from being allowed a voice in the direction of a child's life, though even in such instance it is a fair matter for doubt whether they should be permitted to divest themselves of their responsibilities without punishment. But in these instances they are unworthy of responsibility just because Family Life with them is a mere mockery, because it is

## THE SOCIALIST STATE.

of too great rather than too little importance. To deprive the ordinary parent of his responsibility would need arguments of a wholly different character. It will be said that Socialism does not make any such proposals. This fact, though very important, does not affect the precise matter at issue. Again, it may be urged that any new functions assumed by the Socialist State will not include it. Is this so certain? Free schooling, free breakfasts, and free boots seem demands which, following one another in natural sequence, are more likely to prove the starting-point than the termination of the educational policy of the Socialist State. There will be, if means hold out, an undoubted temptation to provide a complete system of gratuitous education *and its accessories*, or, to use a comprehensive word, up-bringing for children to end in specialisation and employment. Equality of opportunity, some may consider, would be impaired by the separate action of their parents. Of course such a system of up-bringing, if introduced, would be free, but it may be urged that it would not be compulsory. Once again, is

## SOCIETY—THE FAMILY.

this so certain? Why should not the argument that because a certain education is free it should be compulsory, supersede its converse in the popular esteem? It might be declared that if it is of sufficient importance to be made free, it is of sufficient importance to be made compulsory.

To say that such an assumption by the community of far-reaching obligations towards children is an avowed consequence of Socialism would be inaccurate, but it does not seem to lie outside probability. So far as socialistic principle, in the strict sense, is concerned, it is not necessary; but it is a possible danger, and possible dangers must be reckoned with.

6. The menace to the Stability of Marriage is <sup>Or</sup> of much the same character. Interference in <sup>Marriage</sup> this quarter, too, is disavowed by scientific Socialism; but in much the same way there are certain reasons for doubting its power to maintain the impartial attitude thus betokened. Take the test of practice. It is hardly to be gainsaid that certain Socialist communities, as certain Socialist bodies, have displayed a good



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deal of practical approval of laxity in this direction. Experimental marriages and free love have been tried as matters of necessary social experiment. But though the action of the extremists by itself perhaps need not be seriously feared, it assumes a certain importance when viewed in connection with certain opportunities or encouragements which the exigencies of the new State may provide. If the State undertake the up-bringing of children, it may possibly wish to be consulted as to the marriages which lead to their production. This seems to become more than possible, even probable, when the State guarantees work and support for all its members. Under these circumstances, unless the State intervene, reckless and indiscriminate procreation would very likely ensue on the breaking down of the last barriers of prudent forethought. Even were this not likely to take place to the extent thus suggested, the demand on the part of the State to interfere would not be unnatural. Plato foresaw the difficulty, and Plato provided for it. But modern Socialism seems to shrink, either out of delicacy or

## SOCIETY—THE FAMILY.

caution, from the expression of views on the subject. This is unfair, for the matter is of such grave import that the action of the Socialist State with regard to it demands exposition. It may be answered that no action is intended. Does this imply that the temptation to State interference has been duly considered? Does it mean that this negative determination is definite, and something more than a mere postponement or temporary evasion of the matter? May not such regulation prove to be a necessary consequence of Socialism?

The dangers are two, and though very different in direction, not necessarily exclusive. On the one side, Free Love; on the other, State Regulation of Marriage. They are not necessary, but are they probable or even possible consequences of Socialism?

7. From the above considerations there is room <sup>The</sup> for doubt as to the stable maintenance of the <sup>Dangers</sup> family tie, and the preservation of the most valuable elements of family life under a Socialist *régime*. These ends will certainly not be achieved without trouble and considerable steadfastness of

## THE SOCIALIST STATE.

purpose. To the contention that these matters of private arrangement must of necessity depend on the wishes of the individuals concerned, the fit rejoinder can be made that in subjects of such delicacy divergent action by individuals will give rise to licence and fatally wound the life of Society. Marriage and Parental Responsibility have grown up with the State, and form a part of its civil constitution. The Socialism which is not going to affect them is one thing, that which is, another ; and the complaint which has often been made as to the want of openness in Socialist propagandism on this subject is too important to be put aside with the lightness which is frequently shown.



## VIII.

### SOCIALISM AND SOCIETY—PRIVATE PROPERTY.

1. THE simple imposition of certain limitations upon the right of private property is not of necessity an attack upon its essence and nature. If due care were taken and pitfalls avoided, it would seem not impossible to restrict the development of private ownership in certain directions without interfering in any way with its value as a social institution. But the conditions on which this may be achieved must be carefully defined and scrupulously observed. In the first place, the action of the State must be equal and not differential. In the second place, transferable property in one country must not be subjected to restrictions from which it is free in others. In the third place, the growth

## THE SOCIALIST STATE.

of private property in response to individual activities and efficiencies must be permitted.

There is in Socialism nothing necessarily antagonistic to these principles.

Private  
Property

2. Socialism as Socialism allows of private property. The product which comes to a man in virtue of, and as the consequence of his efforts and action, becomes his to enjoy as he likes, so long as it retains the character of wealth and does not assume the character of capital. Wealth is essentially an end in production; capital, a means. In this there is no necessary limitation of the amount which may be received, nor any approach to the proposition of an equal division of the produce of social efforts. Were that attempted, it would, without doubt, seriously assail the being of private property, as it would run counter to the third of the conditions suggested above.

Right of  
Saving

3. There is, moreover, no reason why the individual who is so disposed should not postpone the consumption of his share, or some portion of his share, to a future time. This would imply the right of saving or accumulating his

## PRIVATE PROPERTY.

wealth. It will be urged that saving can only take place in two ways, either by the actual accumulation of the articles in question, or by the process known as investment. In a country like England the latter method is almost invariably employed. Indeed, in all communities save those in a very primitive stage, it is difficult to understand how the actual saving of consumable wealth can take place. As a general rule, the saving of wealth is bound up with and dependent upon its investment and use as capital. That which one individual saves is embodied in certain articles, as machinery, etc., required in the productive processes which issue in much more wealth than that invested in them. In return for his compliance with this temporary transformation of his savings he receives a certain claim on the goods produced. This involved method of saving offers, or seems to offer, three advantages as compared with the simpler method of each individual saving what he wants. In the first place, there is less risk of deterioration, since much loss might be incurred either through the perishable nature of some

Methods of  
Saving

## THE SOCIALIST STATE.

commodities, or through a difference between the wants of the future and those of the present. In the second place, greater individual security is provided. In the third place, owing to the efficiency of capital, there will take place more than a replacement of the wealth invested. Under our present system this, or a portion of it, is distributed in the form of interest. So far as the first two of these advantages are concerned, the action of the industrial organism is in some respects that of an insurance company. It prevents all risks falling upon the individual. To sum up: under modern industrial circumstances the man who saves and invests has before him a prospect of its replacement; a greater security as to its replacement and against its deterioration, than if he put it in a box or in his cellars; and lastly, the prospect of a certain share in the increase of the product.

Under  
Socialism

4. How far would the introduction of Socialism modify or alter these conditions? The latter prospect would, it may be said, vanish, as private profit and private employment are things necessarily prohibited. In certain circumstances

## PRIVATE PROPERTY.

it is indeed conceivable that certain analogous gains might be permitted, but gains obviously obtained and individualised in a very different way. Broadly speaking, then, interest as an individual gain would be abolished, inasmuch as there would be no individual capital. But further than this Socialism need not go. There seems no adequate obstacle to the custody and employment by the Socialist State of individual savings with the guarantee of a future replacement claim. In other words, any one wishing to save might bank his savings with the State on the assurance that he could claim them not in kind, but in value at some future time. It may be said that the individual who accumulates wealth, or postpones consumption, would in one way be benefited by this arrangement, as he would have good security. The State would keep either deposits or running accounts, probably the former, but would, according to Socialistic theory, pay no interest.

5. Even on this latter point there is room for <sup>And</sup> doubt as to its actual necessity. In consequence <sup>Interest</sup> of the importance which individual accumulation



## THE SOCIALIST STATE.

may conceivably hold, thrift and postponement may be deemed qualities of such value as to deserve particular encouragement from the State, *and a small rate of interest might be allowed.* It would constitute an addition on the part of the State to that claim which it gives the individual against itself in return for the use of his savings. The difficulty involved in such a payment would be, that unless duly limited, it would, in cases where the bequest of savings are permitted, lead to inequalities similar to those against which Socialists raise their voice. To obviate this it would be necessary either to limit the interest to the lifetime of the original accumulator, whatever may be said as to the bequest of the principal sum, a matter of almost practical impossibility, owing to the facility with which an inheritor might withdraw and then return any sum, or to grant annuities for one or possibly two lives as total return for the use of savings. Such annuities might be calculated at a slightly higher rate than that which could be given if interest were not taken into account.

## PRIVATE PROPERTY.

6. Annuities in themselves need not involve <sup>Possible</sup> the idea of interest. They can of course be <sup>Annuities</sup> granted on the mere actuarial probability of life. As a chief motive in saving is the provision of certain comforts or necessities for old age, and as a mere limited credit to be drawn against would never assure their continuance until the end of life, it would be highly desirable for the State to grant annuities, which would be enjoyed in addition to the pensions secured to incapacitated or superannuated workers, for these would in all probability have to be of small amount. Some would say, the smaller the better, so long as indolence, thriftlessness, and lack of energy and enterprise remain human characteristics.

If the idea of interest were entertained, annuities might be granted for a life, plus a small term of years.

7. But just as private property in consumption <sup>Right of</sup> would exist, so would the power of parting with <sup>Gift</sup> such by gifts to others. To interfere with such freedom would be not only an intolerable infringement on private property, but an exceed

## THE SOCIALIST STATE.

ingly ill-advised proceeding. What could be said of a state of social organisation which would allow a man to drink a bottle of champagne alone, but not to share it with a friend? This would be a beginning of the transfer of private property. Up to a certain extent, the social sentiment which Socialism would or should aim at engendering, would directly encourage willingness to share or transfer enjoyments. It might be that in certain cases where one man could by his wealth enable a another and younger one to live in idleness, such transfer would be disadvantageous. It is possibly true; but Socialism as a definite system would not therefore *involve* interference, though some Socialists might wish to interfere. It must, however, be remembered that as the great sources of large accumulations, rent, profits, and interest are removed, such cases would be of comparatively rare occurrence.

Right of  
Bequest

8. Connected with, though in very important respects distinct from, the Right of Private Property is the Right of Bequest and Inheritance. This latter is not indeed necessarily

## PRIVATE PROPERTY.

negated by the main proposition which Socialism lays down with regard to industry. The refusal to permit Individual Capitalistic Employment or Individual Profit does not carry with it a prohibition of the bequest of rights to enjoyment, that is, rights in consumption, which are the sole matter in point. Yet should these become at all important, it is hard to doubt that attempts would be made with a view to their restriction. To some extent the State no doubt already claims this power as inherent in itself, and future action would be largely a matter of degree. Even should interest for certain reasons be temporarily permitted, it could in no case carry with it the right of inheritance or bequest. Private property is not in its conception dependent on the right of bequest.

9. In one respect, however, the mere acknowledgment of private property in consumable commodities, or of claims capable of being expressed in them, is insufficient. Certain assurances are needed before it can be regarded as satisfactory. The right of consumption will

Possible  
Restrictions

## THE SOCIALIST STATE.

be guaranteed in vain if the Socialist State extends its functions from the regulation of production to that of consumption. And yet such a course would not seem initially improbable. Among its effects would be an obvious restriction on Private Property as regards the meaning which that phrase usually bears. One hand would be busily occupied in taking away what the other might give. For what would be the use of informing a man that he has the right of demanding what he wants, while steadfastly refusing to put in action the means whereby his demands might be satisfied? Those means will all lie in the control of the State.

Though the control of consumption would have many and serious consequences, of which the above are but part, it does not require further treatment, inasmuch as it is not an inherent portion of the proclaimed principles of Socialism.



## IX.

### THE INDIVIDUAL.

I. FROM the point of view of Society itself <sup>Value of</sup> individuality is a matter of the highest moment. <sup>Individu-</sup>  
A society which was but an aggregate of uni-  
form units would soon weaken and die of  
anæmia. It requires the individual for its  
life and its salvation from the fatal precursor  
of death, monotony, and it requires him because  
of the very manifold variety of its own life  
with its countless difference of function. Nor  
is individuality less important in industry than  
in society. Here too it is needed for well-  
defined and obvious reasons. In its lowest form  
it implies energy and verve, in a higher form  
enterprise, and in the highest of all the assertion  
of artistic and intellectual individuality in pro-

## THE SOCIALIST STATE.

duction. It is true, no doubt, that in certain cases the free play of individual qualities may require to be restricted on behalf of other needs of the vital social organism, of which they are part; but due regard being had for that, free development is not only a matter for tolerance but for positive encouragement. The complaint has often been made that Socialists tend to neglect the great importance of a varied individual growth, and to this feeling Anarchism no doubt owes a certain part of the attraction which it has for some of those who deem that the present state of Society, and especially of economic Society, is doomed, and that it is their duty to discover by what it may be replaced. The development of individuality implies two things—the encouragement of Individuality, and the assurance of Freedom.

If we take the former, the feeling of its importance can be traced through the different economic systems. Under slavery the use of individual variations were fully recognised, and though regarded as existing for the benefit of others, these were both encouraged and exacted. In

## THE INDIVIDUAL.

a competitive society the offer of higher rewards for certain functions, and as a temptation to greater efficiency, indicates a like recognition.

2. But need individual differences always be recognised by material distinction, is the question often asked. In reply to this, it must be pointed out that an absence of some such correspondence when the individual differences result in material differences appears strangely artificial and unreal. Historically, such a connection has, as has been indicated, always existed, and in the light of modern demands and ambitions it is vain to deny its effect. At the root of this desire lies a complex basis of motive. There is the simple desire to get more, which, selfish though it is called, does not appear so selfish when the family and other aims which the individual cherishes in harmony with and as his own are remembered. In close connection with this is the wish which well-nigh every one has, to see the fruits of his labour and in some measure to realise their existence. No doubt this is related to the foregoing, but it is related too to the impenetrable dislike of

Relation  
between  
Rewards  
and Efforts  
necessary



## THE SOCIALIST STATE.

being cheated out of the product that has been made, or of the marks which have been gained. The somewhat casual mention which is sometimes made of the altruistic love of Society in the Socialist State does not appear to meet the whole difficulty, even were the probability of its effective existence granted. But this requires more proof than has been advanced.

Socialism  
not  
necessarily  
antagon-  
istic

3. Socialism, however, does not necessarily involve a denial of the force of the above-mentioned motives. It offers to take men as they are, with motives as they are, merely limiting differences in material payment to those cases where such appear as the necessary correlative of actual and individual differences. In profession it is not antagonistic to enterprise and freedom. And yet, despite this profession, it is necessary to examine the principles on which it is based, and the forces which it brings into action in order to estimate the probability of the due maintenance of those conditions of individual development. Socialism involves *Regulation and the existence of a Bureaucracy.*

## THE INDIVIDUAL.

4. *Regulation* in some form or other attends every form of government, and has formed part of the social policy of the last half century. But between this and Socialism there is this one important distinction, that it has on the negative side confined itself to the prohibition of certain separate methods and certain separate conditions which are in themselves a demonstrable menace to well-being and health, while on the positive side it has likewise chosen certain departments of activity for its own. For each and every one of these a definite reason is given and a definite defence made. But under Socialism the position will be reversed, and it will no longer be the instance of control by the State which will require justification, but the exception of particular cases from its wide and far-reaching care. It is questionable if, with the best intentions in the world, the Socialist State will not soon find itself busily engaged, not only in the regulation of Production, but in the regulation of Consumption. It will lay down rules and regulations which will display in full flower the worst elements which germinated in

It involves  
Regulation

## THE SOCIALIST STATE.

the sumptuary laws of the past. Most people will probably consider this intolerable. Some do not. Why not, they ask, welcome State regulation in matters of such trifling import? Surely, they say, individuality does not depend on them? There are several remarks to be urged on these somewhat confident utterances. Sumptuary laws have been tried, and have proved both bad and futile. Again, the kind of individuality which is bred and formed under perpetual regulation will probably be very different from the individuality which proudly boasts its strength in opposition to the emasculating effects of a system, which is always saying what is to be done and how it is to be done. It will in this respect be like a grown man of weak intellect, tied to the apron strings of a dictatorial nurse-maid. *But even should Socialism resist the obvious temptation to extend its powers in this direction,* it will obviously and necessarily be occupied, so far as production is concerned, in minute definition of the method in which industrial undertakings are to be carried on. Though, while doing this, it

## THE INDIVIDUAL

will not be invariably necessary to instruct individuals as to the functions which they are to perform, some function like this will not improbably devolve on the Socialist State by reason of its guarantee of employment. As to this latter two difficulties arise. The guarantee is one of employment and not of suitable employment, a distinction which may lead to very considerable misunderstandings and hardships. To obviate these some individual supervision in an early stage may become desirable. But further, it may be inquired what a man can do who refuses the particular form of employment open to him. This question is peculiarly interesting in view of the almost frantic haste with which Socialists rush to deny any imputation of slavery to their system. That, however, is a mere matter of nomenclature. Socialism having taken away from certain individuals those additional alternative chances which are permitted to him even by the present competitive system, offers them the choice of work or starvation. And this is not slavery! On the whole starvation is a fairly efficient substitute for the gang driver's

## THE SOCIALIST STATE.

whip. It is, of course, true that in many cases the present competitive system results in much the same issue, but it may be held to provide more alternatives. Moreover, will the Socialist State be prepared to offer the minimum guarantee of existence to those who do not take its work? If it does, it will assuredly not dispense with a labour test.

And  
Bureau-  
cratic  
Manage-  
ment

5. A system of regulation such as this must be under the control of a *Bureaucracy*. Though at one time a great deal of suspicion used to attach to officialism, the tendency of opinion seems to incline to the opposite extreme. Probably bureaucracies are neither so bad nor so good as they have been painted. They have certain virtues and they have certain defects. On the one hand, they are stable and admirably adapted for the conduct of routine business; on the other hand, they are not particularly sanguine or particularly open-minded. There are, of course, exceptions to these as to other rules, but if we would reach a fair conclusion care must be taken that we are not unduly influenced by the action of those

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bodies which are anxious to prove that there are exceptions, and which consciously demean themselves as such.

How far a system of bureaucratic regulation is calculated to promote the development of individuality and enterprise is a consideration which must have weight in any estimate formed of the practicability of Socialism, for bureaucracy must be faced as a consequence, and an unavoidable consequence. <sup>How it may affect.</sup>

6. *Energy* and *efficiency* in the performance of any particular work may be encouraged by the simple expedient of difference in wages and payments, which, regarded as premiums on industry, integrity, and intelligence, may be as fully and fairly regulated and bestowed under Socialistic as under competitive conditions. But even in this direction there are certain difficulties to be faced which do not present themselves so markedly at present. Promotion must take place either by merit or by seniority. Incapacity in one department must lead to transfer to another. Now if the conduct of the administrative ser- <sup>Energy</sup>

## THE SOCIALIST STATE.

vices is carefully observed it will be seen that there are two opposite dangers. On the one hand, inefficiency is often tolerated where it would not be tolerated in a private office, and dull seniority is promoted over the head of more brilliant juniors. On the other hand, excuses may be sought in fancied inefficiencies for the advancement of private friends. On the one hand promotion by seniority, on the other hand by favouritism. In both cases there is one prominent cause and one natural result. The cause is that individual officials bestow the favours, while the public pays. The consequence is a risk or loss to the public.

**Enterprise**     7. *Enterprise* may be defined as the discovery and utilisation of new directions for industry. It instigates invention, adapts it for practical use, and opens up and develops new channels for trade. So fully is its importance recognised that it is not necessary to inquire if Socialism would desire to discourage or limit its growth. But despite its obvious wishes, hostile critics assert that the conditions of the Socialist State in this respect will be anything but propitious. Let us

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first consider the position which enterprise occupies in the industrial world at the present time. Its great risks must be set against its great profits; and however great the waste occasioned in trying new methods and attempting new openings, this must be regarded as the necessary cost of advance. Of course foolish experiments should be discouraged,—a matter of difficulty, as it will be necessary to distinguish between what is foolish and what is merely novel. The best and only suitable discouragement is to place the responsibility and risk on the shoulders of those who make the experiment. Let theirs be the venture, with its risks and its profits. In their undertakings they are no doubt much influenced by that mental condition which leads individuals to under-estimate their particular chances of failure, and to over-estimate their particular chances of success.

8. But in the Socialist State the individual risk will vanish, and with it will go, it may be said, the need for individual profit. No doubt this is so, and it would not matter were it not for the fact that enterprise is essentially an



## THE SOCIALIST STATE.

individual characteristic, depending on individual initiative. Some encouragement can be given by the extension of a system of premiums somewhat similar, though necessarily superior to those offered to induce ordinary energy and efficiency. But when these are great, though of course not nearly as great as those sought under present conditions, it is unfortunate that the State, which will have to pay them, and not an independent body, will have to decide as to both their magnitude and their need. So far as purely scientific invention is concerned, this will probably not matter nearly so much as in the case of the practical ability which utilises these inventions and develops new methods and other means of satisfying wants hitherto ungratified. Moreover, in their treatment of new inventions and new inventors State departments have up to the present not set an example which can be said to encourage their investiture with the sole power of encouraging enterprise. Central and Local Authorities have indeed often taken over and carried on inventions and businesses founded on

Invention

## THE INDIVIDUAL.

these when once started, but there are not many instances in which they have undertaken a new invention of any magnitude, or been first to put such into practice. Many charges are made against them. They are said not to be sanguine or open-minded. Of course there is the opposite danger. Extravagance is a feature of much official management, mainly arising out of the apparent magnitude of funds and the absence of individual risk. The barque of State industry sails between the Scylla of routine and the Charybdis of extravagance. As to the encouragement or discouragement of individual talent, one great advantage is claimed on behalf of Socialism. Owing to the greater equality of opportunity which it seeks to establish, it will, it is said, place at the disposal of the State many more individuals of ability than can present themselves at present. In other words, it will rescue from premature suppression a great fund of possible inventiveness and enterprise. Some able men may be discouraged, is the argument on one side; but there will be many more able men to choose from is the

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fair retort. An ultimate judgment will depend on the estimates formed respectively of these two, that is, as to the extent to which enterprise will be discouraged, and as to the amount of fresh ability brought into prominence owing to the greater opportunities of training which Socialism claims that it will provide.

9. But the Socialist environment and organisation may have other effects upon ability than those which can be treated of in relation to industrial energy and enterprise, and here it is that the opponents and advocates of Socialism meet in direct conflict. The latter assert that, by reason of the greater diffusion of comfort which it will occasion, by reason, that is, of the greater equality of opportunity, much ability hitherto obscured in the hard struggle for mere necessities of life will be afforded opportunity for development; the former, that the atmosphere of regulation and the greater monotony of life will be fatal to the growth of genius which requires freedom and implies imagination. Like the wind, it bloweth where

## THE INDIVIDUAL.

it listeth and, unlike lesser accomplishments, it cannot be acquired by diligent attention to rules. Much depends upon the extent to which regulation of life will be attempted. But when it is said that the mere regulation of industrial processes will not necessarily affect the conditions under which genius and high ability make their way, the assumptions are made not only that State control can be strictly limited to the one department, but that its development there will not produce either a feeling of regulation or a greater monotony than at present exists. Monotony rules at present through most classes and most spheres, but there are certain classes and groups, not probably the richest or the most honoured in the world, which fence themselves in from its disastrous sway. They are both allowed and they are able to exist now. Will there be a like immunity and possibility secured to them under Socialism?

10. As to the possibility, some suggestions <sup>Genius and Art</sup> are offered by the comparison of what takes place with what may take place. Genius and the

## THE SOCIALIST STATE.

higher intellectual developments rest on the individual, and on those who appreciate him. Few men can live by the production of masterpieces, though many men have to make the attempt. What encouragement and appreciation these receive proceeds from a minority, who, actuated by motives of contrariety or by good taste, act in opposition to the received opinion of the time. In a plain material sense their material support comes from a small circle. But in the Socialist State the wealth of those who can afford to give such assistance, to indulge, for instance, in purchasing the works of unpopular artists, will be sensibly diminished. It is urged, however, that this loss will be amply made up by the greater number of moderately wealthy, and by the action of the State in encouraging merit and genius. The value attached to the former depends obviously on the opinion which is formed both as to the possibility of much appreciable increase in the wealth of a large number and as to the probability that small increases will go in additions to ordinary luxuries.

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11. But State management, conceived of in the light of academies more or less governed by a democratic vote, is a most insidious danger. Books are written, pictures are painted, music is composed for those who understand them, and these in their turn will influence society. It will be a terrible thing to limit production in these arts to works which are understood by a voting majority or by the permanent officials solemnly installed as judges. In the case of literature the difficulty of Socialistic organisation is peculiarly marked. Unlike other artists, the writer is essentially dependent upon the auxiliary labour of others. As his works must be printed, he must in some degree come under the control of State organisation; for however much private employments may be permitted in instances where they do not involve the employment of others, they cannot be allowed where they do, as in publishing and printing offices. So books, essays, and all printed matter will practically pass under the censorship of the officials of a monopoly. There will be no competition and no appeal.

On State  
Control

## THE SOCIALIST STATE.

The Effect  
of Demo-  
cracy

12. A statement such as the above of the effects and difficulties, and in the case of Enterprise and Individuality mainly of the difficulties, which are involved by the extension of the functions of the State, is often met by the assertion that though these are probable with a state as at present organised, they need not to be feared under a state both democratic and socialist. This is a mere assumption. When put in extreme terms it means the regeneration of the state, an assumption which, though not quite as vast as that of the regeneration of individuals, is not a whit less unascertained. It only means the regeneration of the majority in their voting, and also of the officials, whom they elect, in their actions; and so far as our knowledge of the past goes it is essentially unlikely. There are particular reasons for doubting its probability. It must, it would seem, derive its new spirit from one or other of its elements, Socialism or Democracy. Now so far as Socialism is concerned there is no necessary effect produced upon motives, unless greater equality be taken to involve this, while

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regulation cannot be expected to inspire even if it does not destroy. Democracy, on the other hand, as it has represented itself in history and not in programmes, is by no means free from selfishness, corruption, and instability. Perhaps the union of the two is to effect that which each in isolation essays in vain. Possibly it may, but if it does, it will achieve its task under circumstances of great difficulty.

13. It is asserted that the Socialist State will, <sup>Public Criticism</sup> broadly speaking, act as it should under the full glare of a searching and strong public opinion. But here is the difficulty. Will it be subject to free public criticism to the same extent as a present everyday State? Spoken criticism no doubt, but what of written criticism? It is a difficulty which has not escaped the view of Socialists themselves, that inasmuch as all capitalistic organisation will be taken over by the State, there will be no private issue of newspapers and other means of political criticism. This is not likely to conduce to the publication of outspoken attacks on what will then be the constitution of things. A State, even if paid by



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subscriptions from the partisans of the writer, will have to be inconceivably regenerated to actually publish attacks on itself, particularly if they happen to be well founded. Censorship can always find excuses. Possibly a good deal of newspaper criticism might be suppressed with advantage so far as particular instances are concerned ; but the work of discrimination is too dangerous to be embarked upon. And yet some means must be found. It is no use assuming that Society will be regenerated under the influence of criticism, and then instituting a condition under which those interested in the maintenance of the *status quo* will have every interest and every reasonable opportunity for interfering with the publicity of such criticism. Matter of detail though this may seem, the peril is so tremendous that a mode of obviating it must be discovered.

Ethical  
Results of  
Socialism

14. In the region of ethics Socialism will, in the anticipations of its advocates, produce a great modification in the aspirations and motives governing and directing the members of a community. A higher civic patriotism will be

## THE INDIVIDUAL.

inspired by the example presented by the State, and consolidated by the new habits of social action enforced. In other words, while the public conscience is aroused, the public energy will be directed into channels of activity other than those which have absorbed it in the past. Usage has indeed a very powerful influence, and it is by no means improbable that owing to it, in conjunction with the loftier views taken of public rights and public duties, some effect will be produced on the action and thought of some of the community. The extent of the change cannot be estimated; least of all can it be expected that it will be rapid. It is questionable, indeed, if much will be achieved unless measures are taken to preserve a sufficient individuality for the new influences to operate upon. But this is what many critics tremble for. They urge, and with good show of reason, that individuality is necessary for moral as for intellectual progress.

15. Though some limitation of individual Conclusion  
growth is inevitable under Socialism, its extent  
will depend upon the possession by the rulers

## THE SOCIALIST STATE.

of the State of sufficient resolution to refuse any unneeded expansion of its functions. Thus it certainly will bring a large department of life, industrial production, under the regulation of the State and state officials. Equally surely will it limit the opportunities for the display and development of individual powers and activity. But it need not claim the control of any other department, of consumption for instance. On the other hand, Socialists urge that the acceptance of their system will give opportunity for the development of some individual character and qualities in large classes of mankind, who have hitherto been absolutely debarred from such by the unseen, but none the less forcible, powers of the competitive system.

16. Much, indeed, rests on the view which is formed of Freedom, and on the particular form which it will take in the Socialist State. If Freedom, both in action and atmosphere, be essential to the development of life, and if such be restricted by the new system introduced, opportunities for individual development will not avail

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much. A slightly higher average may be attained. But even if this be so, it will be dearly bought at the expense of the originality which inspires, and the individuality which directs the life of people as units and as nations. It will be an attempt to substitute the gentle warmth of hot-water pipes for the fierce glow of the blast furnace, with the result that warmth will be more evenly distributed, and that a high degree of heat will be unattainable.

One thing seems tolerably certain. Society will not remain stationary. If it is to live, and continue to live, it must unfold itself in due organic growth. Will Socialism prevent, retard, or assist such growth?



## X.

### ECONOMIC ORGANISATION—CAPITAL.

Need of  
Capital

I. OF all the charges brought against Socialism as a working scheme, there is none more frequent than that which asserts that it would involve itself in disaster through discountenancing saving. Some have embraced this belief so warmly as to declare that it pretends to develop industry, and undertake economic enterprises without capital. Whatever may have been the language and revolutionary outcries of unthinking advocates who have attached themselves to this movement, to its obvious discredit, no such foolish notion has anything to do with its proposals. It proposes to organise collective industries, and to carry them on by the collective use of capital. If this

## CAPITAL.

term is used in any strict sense as implying that portion of accumulated wealth which is employed to promote and facilitate further production, it is clear that in its use it will belong to the State. Private industries, involving capitalistic employment and private profit, are things absolutely forbidden. They are sins against the cardinal principle of Socialism. But as has already been explained, there is no reason whatever why the Socialist State should refuse people permission to postpone the satisfaction of the claims which they have for work performed, or in other words, from saving as much as they please, and as much as they can, provided only that neither they nor any other individuals use these savings in industry, that is as capital. What they own will be wealth; but *so long as it is in their hands it will not be capital*. Indeed, no individual will want capital, for no individual will be given the opportunity of using any such thing.

2. But the State will use it, and the State will want it. There are two ways in which its capital can be obtained. It can be raised either from

Private  
Profit not  
to be  
allowed

State will  
use Capital

## THE SOCIALIST STATE.

the private savings of individuals, or from the savings which the State itself may make. In the latter case the State, being engaged in industry under conditions like any other body, with the additional advantage of monopoly rights, in place of spending all the revenue it receives on public improvements and other advantages, will carry forward such portion as may seem desirable for extensions of branches already existing, or for the establishment of new branches. In this there is no other difficulty involved than that which always besets the saving of money by a public body. A large surplus usually leads to extravagance, unless economy is the interest of some particular person or small body of persons. But even if such extravagance is kept within reasonable limits, a task in which a strict administration may succeed, there is always a difficulty in meeting public demands for expenditure. Taking governments as a whole, they are not successful in saving; and so it may, and probably will, happen that more capital will be required than the State has at its command out of its own accumulations.

## CAPITAL.

A loan must be raised; but the only fund out of which such a loan can be raised will be private accumulations. A few words will make the position clear. The Socialist industrial state will want a loan because it wishes to engage in work which will yield no immediate return in those consumable commodities which are desired for, and in, themselves. It wants machinery or buildings, etc., in order that it may by the aid of these proceed to further production. But whilst producing commodities of this kind or second order, it will not be producing goods which will meet the wants of those whom it employs. Some postponement of consumption, on the part of those whom it either has employed or is employing, is necessary. Recourse must be had to private savings. This means that private individuals, who might demand the satisfaction of their demands, will postpone consumption, with the result of placing at the disposal of the Socialist State a certain amount of productive force. Others may  
save it

3. In this there is no essential difficulty.



## THE SOCIALIST STATE.

Government and municipal loans are matters of every-day occurrence, and in many instances they are incurred to meet what is called productive expenditure. But there are two possible points of difference between the circumstances of a competitive system and of a Socialist system. Under the former there are many very large incomes out of which savings can be made; and, in the second place, interest is always paid for loans. Saving depends both on the fund out of which it can be made, and on the motives that exist for accumulation.

Oppor-  
tunities  
for saving

4. To some it has appeared certain that the fund out of which private savings will be made will be sensibly diminished, and this for several reasons. In the first place large incomes, which give the opportunity for large savings, will become scarce, and be clipped of their generous proportions. In the second place, the State will have to keep back a large share of the earnings of its employees or subjects to provide for a pension fund. In the third place, industry will, it is assumed, be so much less productive that the total revenue due to individuals, both in

## CAPITAL.

payment and by way of pension, will be much smaller. The last assertion raises a question of very vital importance, and one which will require more detailed notice. But putting it aside for the time, what sufficient ground is there for assuming a possible decrease in the fund out of which individuals can save? It must be remembered that the deductions for pension purposes can be vested in the hands of commissioners, and these lent to the industries of the State, the pensions being made a first charge on the revenue. As to the first objection, its validity depends on the view taken as to the relative proportion in which saving takes place amongst the wealthy, the well off, and those but moderately well off. It must not be forgotten that considerable thrift is displayed by the better working classes, and great thrift by those who hold a position neither high nor low in the middle class.

Socialists, on the other hand, urge that by the abolition of competition much waste in production will be saved, and by the discouragement of speculation much loss of what is saved and

## THE SOCIALIST STATE.

sunk in unprofitable investments will be avoided. It should not be forgotten, however, that this loss may be regarded as a part of the price of enterprise and industrial advance.

5. The extent to which the motive to saving is affected by reliance on a future pension, if such be granted, need not be taken into account, as corresponding deductions will be made for this purpose. The fund to which these are passed must be regarded as sacred, a duty which, though a little difficult at first, usage would probably facilitate. Still there is some risk in the matter. For other reasons, and especially with the view of encouraging individual thrift and responsibility, it would be well that the pensions should secure little more than a necessary minimum, to supplement which would be the aim of the more prudent. Insurance and provision for the early years of children would also be guaranteed by the State, and in the latter instance it may be feared that insufficient care would be taken to provide a special fund. But hitherto the question of the payment of interest has been avoided.

## CAPITAL.

6. Can the Socialist State consistently pay interest? So long, indeed, as foreign opportunities for private investment present themselves, the State will be bound to offer interest if it desire to raise a loan. Even if this be not the case, there seems no absolute Socialist objection against such a payment by the Government to those who are willing to entrust it with their money. Socialism objects to two things—private employment, because of the waste it occasions and the hardships it inflicts, and private profit, because that is held to imply a monopoly of the advantages of industry. But neither these nor their consequences would be brought upon a Socialist country by the offer of a rate of interest, granted that this were such a rate as to permit the greater share of the profits of industry to pass to the State. Against the expediency of interest it is urged that the State will be already benefiting those who wish to save, by providing them with the means of so doing at good security; that saving will take place whether interest be offered or not; and that the payment of interest will lead

The  
Question  
of Interest

## THE SOCIALIST STATE.

to the resuscitation of a wealthy and idle class. In respect of all these assertions very diverse views prevail. This is particularly the case with the last, which is questioned both as regards its probability and its alleged disadvantages.

7. One thing is certain. As one of the chief motives of saving consists in the desire to make provision for future years, and as these are of necessity of unknown duration, some means must be taken of guaranteeing certainty to the individual that none of them shall be unprovided for. A man does not save to have three hundred a year for twenty years, and then to find that he is without the comforts on which he has been accustomed to rely and which he has hoped for, a fact which obviously suggests some form of annuities. As has previously been urged, these might be granted either for a life, or for life together with a small term of years. If the latter, it implies the permission by the State of bequests.



## XI.

### ECONOMIC ORGANISATION—PRODUCTION.

1. As the aim of a system of Economic Organ-  
isation is to find out and to produce what is wanted, the test of its efficiency is the extent to which it does this. At the present time the manner in which this work is done is simple and comprehensible. The great business world consists of people who, in their different grades, are seeking to discover the articles or services which are required, and to supply them in their own persons, or in their own products, to the exclusion of the products and persons of others. Though the system is very far from being a perfect one, on the whole the work of society is done, its old wants are regarded and new wants are discovered and

Aim of  
Economic  
Organisa-  
tion

## THE SOCIALIST STATE.

in their turn satisfied. Possibly it is cruel, certainly it is wasteful; but despite all that is said with regard to advertisements and pushing of goods, it tends to the satisfaction of wants. If it accomplishes this it is from the point of view of productive mechanism satisfactory.

How  
observed  
under  
Socialism

2. Socialist Production, too, must be looked at from this standpoint. Will it tend to produce what is demanded, or will it tend to make people demand what it produces? To answer this inquiry at all sufficiently necessitates some consideration of the particular form which the mechanism of production will wear under Socialism. It will not, it must be observed, be the prime interest of anybody to discover either new wants or new means of gratifying old wants. In substitution for the competitive system, of which this impulse is the spring, there will be a vast complex of state departments, the duty of which will be the ascertainment, estimate, and supply of the wants of its members. In each town there will be gigantic stores with suburban and local branches; in each village, smaller stores, to which those who have economic

## PRODUCTION.

demands, that is, those who want things and can pay for them, will resort. From the shops news as to the condition of the market will be transmitted to the factories where the goods are manufactured.

Such a system, though it has difficulties, is not initially impossible. When described, however, it appears more workable than it might prove in practice; for what is there to prevent the continued production of the things that are not wanted in the place of those that are? Under a competitive system the failure of those who persist in their perverted course is the check; under a Socialist system the accumulation of unsaleable goods must serve. When such occurs, either owing to considerable overstocking, or to its correlative, an alteration in demand, the labour of the factories will have to be turned into other channels. In all probability alterations in price will be the means employed of effecting the necessary change; the goods which are superfluous, in view of the quantity demanded, will be offered for sale at a lower price, and the



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labour of all those engaged in their production will be deprived of some portion of its remuneration, that is, paid at disproportionately low rates. On the other hand, there will be other goods with prices disproportionately high, and other labour with unduly high rewards. In this manner, by the variation of price and the variation of wages and salaries, an index will be furnished of the goods which are wanted, and of the labour which is required for their production.

3. In some respects such a system has advantages as contrasted with competitive production, in other respects it is at a disadvantage. As regards the former, it will not, it is clear, be entirely free from some of the losses which exist now, though it may fairly be urged that considerable economies will be achieved by the unity of management, and by the absence of recurrent breakdowns. On the other hand, it is exceedingly doubtful if it will have the same, or anything like the same, elasticity. Competition means trying experiments in countless directions. Lower prices are offered, to be com-

Competi-  
tive Pro-  
duction

## PRODUCTION.

compensated for by larger sales, and by new economies in manufacture. Slightly changed goods are substituted, and perchance may be found in ample demand, whereas those which they resemble do not sell. The drawbacks and grievances of the two systems are very different. Against competition is alleged its anarchical waste, and the methods of advertisement whereby people are continually persuaded to purchase new articles. But against Socialist production the main allegation is that people will not get what they want, that they will have to put up with old methods of satisfying their demands. Its critics urge that in this department Socialism will not achieve what, after all, competition, despite its waste, does achieve, the development and satisfaction of wants and demands. Looked at closely, their accusation resolves itself into two charges: first, that the total productivity of labour will be less; and secondly, that supply will not adapt itself to demand. Not only will there be less, but what there is will be less adapted to develop and satisfy needs.

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And  
Socialist  
Production

4. The productiveness of Socialist organisation is a matter of serious import, for while it is true that a better distribution may be taken as an ample counterweight to some diminution in the total product, there will come a point when total decrease will mean a decrease in every or nearly every share. But even if such compensation be admitted, it is but excellence in one department—social distribution, atoning for what cannot but be a defect in another—production. A diminution in the productive power of labour is then in itself a grave drawback. As to the likelihood of such there is much debate. Competitive waste, says one, will vanish. To be replaced, is the reply, by socialist misproduction, and on the whole it seems probable that there will be a certain lack of the keen personal enterprise and the bracing responsibilities of risk and adventure which stimulate to new exertion and arouse to new departures. This is indeed one of the dangers which looms large under the *régime* of Socialism.

Misproduction

5. Again, misproduction will not improbably

## PRODUCTION.

be of frequent occurrence. Even though the State do not wilfully produce something which is not wanted, it will continue producing particular things long after they have ceased to be required, and in quantities in which they are not required. Any new development—and new developments are, it is remembered, matters of momentary occurrence—will have to pass under the consideration of State officials, who will have to alter in nature and in official training and habit from what they are now if changes are to be made when they are wanted, and not after the need for them has lapsed. What if industry become a trade in antiquities! Mis-production is not meeting people's needs, it is meeting needs which only exist in lieu of those which cannot be gratified. It is very possible that this retarding influence will be of particular effect in the case of luxuries, for luxuries to many Socialists are little more than a matter for abatement. No doubt they are not necessarily obnoxious to Socialism when true to its principles, but there are not wanting indications that this is one of those occasions when it may be

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pressed beyond these limits. And yet in many cases luxuries are but the necessities of future generations. Glass windows and stockings were at one time luxuries and accounted as the sign of great wealth. Their use has slowly broadened down till now their absence is regarded as a mark of the direst poverty. But if new methods and new products are to be encouraged some especial means will have to be taken on their behalf. Perhaps the economic organisation will be completed by the establishment of a Department of Industries and Novelties, though it might very well be objected that such an expression of the value set upon advance might lead to a too great willingness to experiment in every direction, without much care for results, as the experimental officials would have no personal risk. Here again are the Scylla and Charybdis which threaten the Socialist barque of State.

Defects of  
Socialist  
Production

6. The two great defects of Socialist Production are intricate centralisation and monopoly, neither of which makes unreservedly for economy. About the first little need be said, but as to

## PRODUCTION.

monopoly, there is greater difference of opinion. It has, for instance, been asserted that the substitution of public monopoly for competition will cause great saving and be free from danger. The waste of competition is to vanish, new methods, improvements, and energy are not to be retarded. Sometimes it is urged that a monopoly, being large, can easily be kept from abuse: it will only have one neck, is the common if picturesque phrase. Sometimes that publicity in a democratic country will be a sufficient safeguard. These, as cries, are very old cries. They have probably been raised by every monopolist since the beginning of the world, and they show an entire misconception of the charges brought against monopoly, which consist mainly in an imputed lack of keenness and a consequent lack of improvement. There are thus two sides to them. They avoid the waste of competition, but they display a lack of the energy which competition naturally evokes. The economic question concerns the relative magnitude of the advantage and disadvantage. In some cases, as, for instance, in

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the Post Office, the advantages probably outweigh the disadvantages, but the less the business consists in routine work the less likely is this to be the case. Furthermore, it is alleged by some that there will be much wasteful management in public monopolies, due to the fact that those who direct and control will not be personally, or deeply, interested in effecting economies, and this, though possibly exaggerated, must be taken into account as one of the disadvantages of state production.

Arguments  
in its  
favour

7. An additional reason for the state monopolisation and management of industries is found in the argument, that in the course of historical development large industries supplant small industries, and private monopolies the same competitive large industries.<sup>1</sup> On the truth of this the validity of the reasoning of a certain school of Socialists largely depends. Were it proved, their conclusion might well be said to follow, for if there must be monopoly, of which they seem well assured, it seems almost undeniable that it is in most ways better that

<sup>1</sup> Cf. V.

## PRODUCTION.

such a monopoly should be public rather than private. The historical ground thus taken is very interesting, and the facts brought forward afford a certain, even if in the eyes of some an insufficient, basis. In the gradual growth of industry and commerce, the small men, makers and traders, have been pushed to the wall. Of this tendency the later eighteenth and the early nineteenth century furnish many illustrations. The factory and its triumph are the burden of their song. In the textile, hardware, chemical, and other branches large undertakings superseded, and in effect crushed out, the small competitive workshops where a master and a few men and boys wrought. Another aspect of the case is not without its importance. At one time many of the wants of a district were largely supplied by the work of that district. Now demand has become, as it were, national, and finds its satisfaction from the labour and skill of those who supply the whole country, or any part of that country. This phase, it is urged, is complete, and the system of large industries having triumphed over its weaker rival is now face to



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face with a greater development of its own principles. Monopolies, Unions, Trusts, or what not, are superseding competitive great industries just as these latter superseded small industries. In certain branches it is true that such attempts have been made, though it may be doubted if the result of these experiments is likely to encourage further development along the same lines. In one or two instances, indeed, it has been such as to point the moral of those who believe that monopolies mean bad management and the other defects of organisation which they anticipate from a Socialist *régime*. In certain cases, moreover, they have been monopolies only within certain limits, having their actions largely governed by the knowledge that a rise of price consequent on expensive management will serve to call out home or foreign competition. But, of course, the strength of monopolies and that of the system of large industries lie in different directions. The latter has succeeded because while presenting opportunities of economy it maintained its giant strength unrelaxed through constant struggle;

## PRODUCTION.

the existence of the former presupposes an absence of this keen atmosphere. If events tend inevitably to produce conditions in which the large branches of industry are of necessity under the control of monopolies, it would appear reasonable to desire that these should be public rather than private ; for while in many respects private monopolies are more dangerous and harmful, in one respect only, in being more obviously subject to external criticism, do they appear to more advantage. And even this advantage may be more apparent than real.

The existence of many private monopolies would greatly facilitate the change from individual to collective ownership. The transfer of gas works to a municipality, or the acquisition of a trunk railway by the State, involve little break of continuity. In this way the establishment of private monopolies may be regarded as one of the most important steps in the march towards collectivism.

8. In much the same way the aggregation of subsidiary branches of industry under the control of the company or employer who is engaged

Private  
Monopolies  
a step  
towards  
Collectiv-  
ism

## THE SOCIALIST STATE.

in the manufacture to which these are auxiliary may be pointed to as indicative of the ease with which a Socialist State or Community might proceed to satisfy the wants of its members. That there is a general tendency towards aggregation of several industrial operations is undoubted, despite the conflict of evidence as to the limits within which it takes place. So far as manufactures clearly subordinate to and conditioned by the main product are concerned, the position seems to be duly recognised. Their determination both as to quality and quantity renders it very advantageous to the manufacturer to undertake their production, unless either they be wanted in insufficient amount or their manufacture involve peculiar difficulties. Large companies will manufacture their own cases, etc., and supply certain wants, as light, etc. Railways will make the accessories needed for their manufacture of carriages, supply gas to themselves, and sometimes perhaps furnish food for their employees. But attempts to run two such branches together as spinning and weaving

## PRODUCTION.

have usually been abandoned, and it must be remembered that most railways find it better to buy a good number of accessories.

9. Just because collective production has certain advantages and individualistic production certain others, different branches of industry present themselves as peculiarly suited for the one or other system. This suitability depends in the main on the effect which competition is likely to produce in their management. In some it may on the balance occasion a loss, in others a gain. In some it will issue in tremendous duplication of cost and great waste, while in others the waste it involves may matter little by the side of the greater degree in which it adapts products to wants and causes reasonable development of these latter. There are then certain conditions which point to the advantages of collective ownership and management in the case of particular businesses. These are mainly twofold. In the case of those businesses connected with the work of locomotion, transport, and communication, pure competitive waste is so obvious, and a certain

## THE SOCIALIST STATE.

degree of monopoly so clearly advantageous, that collective management or control is the general custom. To some extent the same rule holds good with the supply of water and gas (lighting power). But these latter are affected by another series of circumstances. Collective ownership and management seem peculiarly suitable where demand is dependent for its satisfaction on local supply, provided that the article or commodity in question is one aptly produced by large industries. These general rules, for principles they can hardly be called, probably cover most of the cases in which State or municipal ownership and management have been attempted, and they indicate certain antecedent probabilities of success.



## XII.

### MONEY.

1. THE use of metal money, and indeed of all kinds of money save one, has been assailed by many Socialists with an acrimony that is at first sight a little puzzling. That this is somewhat due to a misunderstanding of the monetary function, and of the part which coins and notes play in the determination of prices, is probably true; but it is impossible to suspect writers who are skilled in economic literature, if not skilled economists, to be guilty of the rudimentary mistakes which vitiate the arguments of their less fortunately situated followers. They at any rate do not attack money from the vague standpoint of those who claim that wages should be made to regulate prices, as has been done by

Socialist  
Antipathy  
to Money

## THE SOCIALIST STATE.

some who cherish the naïve fiction in their minds, that wages can be raised all round with universal advantage if only prices are raised. They do attack it in part, because they consider that labour cost and nothing else should determine values. But their position is a little more complicated than this brief statement would show. In the forefront of their objections comes that which has been referred to. Its use obscures the fact that articles should bear value, or, in other words, exchange for each other, according to their cost in labour, both direct and indirect, capital being reckoned as so much past labour, and as nothing more. But in the second place they regard the use of money as objectionable, because of the opening which it gives for speculation; while in the third place it is capable of receiving arbitrary additions, and so of occasioning alterations in value between the past and the present. Of these two latter objects little notice need be taken, the second indeed being one which would be of no importance under a system of Socialism, *provided that that worked correctly*; for did it

## MONEY.

do so, speculation on the part of individuals would be, or should be, impossible. As for the third, would it not lie as cogently against labour as against gold as a means of measuring values between the past and the present? The question to be considered is the feasibility of labour cost as a means of measuring values, and of payment and purchase.

2. But before doing this it will be well to <sup>Except</sup> consider the way in which it is proposed to <sup>Labour</sup> employ *labour money*. <sup>Money</sup> Under Socialism it is asserted that articles will necessarily exchange in the ratio of their respective costs in labour. This granted, nothing can be easier, it is deemed, than to substitute for gold, or any other artificial means of declaring the worth either of a commodity or of the services of a man, the reckoning of them in hours of labour. To take the case <sup>Labour</sup> of wages first. <sup>Tickets</sup> At the end of the week or day each man will receive a ticket or tickets equivalent to the number of hours which he has worked. This does not imply that all labour shall be considered as qualitatively the same, and that quantity shall be the only difference,



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for labour of higher grades can be reckoned as time and a quarter, time and a half, two times, or whatever may be the case. At first sight this no doubt seems difficult, and to some hopeless, but in reality there is no difficulty involved, *when once the system is in work*, which does not already exist, to some extent at least, in our present system, when some labour is worth nineteen shillings a week, other twenty-seven, and other again three, four, or five pounds. These tickets entitle the holder to a commodity or commodities equal to them in the amount of labour at which they are estimated. In the second place these prices will be expressed in hours of labour, taking into account that which is indirect and mediate, as well as that which is direct and immediate. The labour cost of raw material, of the machinery, and of the capital will be computed. Capital will be regarded only as requiring replacement, and probably a profit, *not, of course, a private profit, but a profit to the government, the sole owner or user*, of the nature of a tax. Subject to this deduction, which will make the price somewhat higher than

## MONEY.

it need otherwise be, the labourer will receive for his labour that which has been produced in an equal number of "hours." Of course labour of different grades will be allowed for in prices as in wages. Now this method of determining price, complicated though it seems, is in reality not very different from that which already exists.

3. But now, like new hours-of-labour, ticket money must be considered critically. Will anything be gained by it is the question which first occurs. That seems very doubtful, except in so far as the cost of the production of gold is concerned. That indeed would be saved; but this economy might be achieved too dearly. Such labour-hour-tickets would be open to certain obvious disadvantages that attend the issue of paper money. Counterfeiting might be encouraged, as that almost inevitably occurs in the case of paper money which has to serve as general tender. It may be doubted, further, if they would be readily accepted by one member of the community from another; but this objection, fatal though it would be in the case of a country individualistically organised, would not be of such grave

Will anything be gained by their use?

## THE SOCIALIST STATE.

consequence in the Socialist State when purchases and payments would take place chiefly, if not entirely, between the government and its subjects. But this fact only emphasises another of the great disadvantages which occur in the use of a paper money. It is a claim, and a claim might be repudiated. However unlikely this may be thought, its very possibility indicates the extent to which the worth of this money is based on a reliance on the good credit and fair action of the Government. On the other hand, it must be pointed out that the circumstances of labour-hour tickets hardly permit of their issue taking place in undue amounts, as is the case with paper money at the present time, and in this way one of the subtlest and most fatal dangers is avoided. In international transactions such a money would be worthless.

Objections 4. There are, however, certain specific objections to the use of labour-hours as a means of measuring value, and so of labour-hour tickets as a means of estimating wages and prices. In the first place stands the difficulty, doubtless largely exaggerated, of reckoning labour and efforts of

## MONEY.

different grades in amounts of hours of simple (*i.e.*, standard) labour. Secondly, labour cost must be arrived at, and so labour-ticket wages awarded in one of two ways. The basis of both must be either the amount of labour which has actually been incurred, or the amount which should have been or ought to be incurred. Now it must be remembered that labour cost varies from day to day, as well as from man to man. If the second way be adopted, the new money will not vary essentially *in this respect* from the present money; but then labour-hour tickets will not be a record of the labour cost, but of the estimate placed upon the labour cost. If the first way be that determined on, it would in principle be difficult, if not impossible, to prevent labour from being equally remunerated, whether rightly or wrongly directed. In the practice of the Socialist State this would of course be met by the control which the administration would exercise over the mode of employment. If labour in certain directions be not wanted, or rather be less wanted, it may even command it to be estimated, not in one hour

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ticket per hour worked, but, let us say, in seven hour tickets for an eight hours day. But in this case again the institution of the new labour-hour money would appear of little effect, and a great change would be undertaken for a comparatively insignificant result.

5. On a survey of the uses of money, and of the position which it is likely to occupy under a Socialist *régime*, too great an importance would seem to have been attached by Socialists to the necessity of change. To some extent no doubt this has been due to misunderstanding, but there can be little doubt too that it has been partly owing to the vagueness in which the Socialist policy is involved with regard to the respective payment of labour which is more or less rightly, and labour which is more or less wrongly directed.



### XIII.

#### FOREIGN TRADE.

1 A matter which every scheme of Socialism must take into account, and which will probably prove one of not inconsiderable difficulty, is the organisation and conduct of Foreign Trade. Foreign trade under its present conditions will cease to exist. In most Socialist considerations which touch on this matter it is assumed, though not always directly stated, that this branch of commerce will be confined to the purchase by the State of those commodities which it requires from other countries, sometimes, indeed, only of those which climate, soil, or other natural conditions preclude it from producing at home. The latter point, as to what commodities it will or will not purchase, need not

Difficulty  
of Foreign  
Trade to a  
Socialist  
State

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be enlarged upon, though it suggests a possible danger and difficulty; but putting this aside, can it be said that this plan is one easy of adoption? At first sight it may seem so; but the inquiry as to the price at which the Socialist State will purchase introduces an element of, perhaps unforeseen, difficulty. It is very well to talk of the State buying; but at what prices is it going to buy? Of course, it will not be able to buy at all without some form of money which will be received in the country which is the seller or which contains the seller. But money alone will not fix the prices. Some think, no doubt, that foreign prices will be determined in the case of Socialism in much the same way as they are now; but that is impossible. At present, foreign prices, in this respect like domestic prices, are determined by a competition between a concourse of buyers and a concourse of sellers, both of which groups are composed of members in active internal competition. But even if Socialism be introduced into one country alone, this internal competition between the groups of buyers or

## FOREIGN TRADE.

the groups of sellers will obviously cease. The Socialist State, if there be one, will have to buy and to sell in markets individualistically organised. In some instances this may operate to its advantage, in others possibly, though not so probably, to its disadvantage; but the point which has to be insisted on here is that price will have to be determined by means other than those which exist at present. This will, of course, be emphatically and more obviously the case when both the trading countries are socialised. Then there will be, so to speak, one buyer and one seller.

2. If this be the case, that is if both trading countries are Socialist States, it may be thought that it will be possible to arrange foreign purchases and sales of commodities by the same methods and on the same basis as home purchases and sales. To some extent even it may be when only one State is Socialist, the same guiding principle will determine its action both at home and abroad. But what is this guiding principle and what are these methods? The prices affixed to the goods

Difference  
between  
Home and  
Foreign  
Trade



## THE SOCIALIST STATE.

which are produced in the service of the State at home will be based on the amount of labour which they respectively involve, or should on the average involve. This at any rate is the principle which can be taken as the basis of prices, even though in practice its application may be found impossible (pp. 191-196). But if it be difficult to utilise this rule in the case of goods produced and used at home, how infinitely greater are the obstacles in the way of its employment as regards those produced in one nation and wanted in another. This arises, indeed, out of causes laid down in nearly every treatise on economics. Whether it be true or not that in the case of one country goods tend to exchange in the ratio of their respective costs of production, it is at any rate obvious that this is not the case in the international exchange of goods. The tendency in the former case rests on the unwillingness of those engaged in industry—according to Socialism of those who labour—to employ themselves in less remunerative when there are open to them more remunerative channels or productions.

## FOREIGN TRADE.

It is assumed that labour can transfer itself, and thus take equal advantage, unless unjustly prevented, of the opportunities for production. But however true this may be of labour, or to use the wider term of industry, within a country or nation, it is not true of labour between nations. This fact carries with it the inevitable consequence that countries or nations differ, and may differ very widely, in the general circumstances attending production. In other words, the unit of labour, owing to its partial immobility, is different in productive power in different countries. Labour, on the average, is more productive, more efficient, and therefore capable of producing more value and of earning higher wages, to use a term of our present system, in one country than in another. So long as these countries be separate, even though both be Socialist, prices between them cannot very well be based on labour values. To the answer that this difficulty will not exist under a system of international Socialism, it must be rejoined that international much more than national Socialism is a matter of the very distant and

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indistinct future. It may be that some time or other the world may be united in a common system of economic and political government, under which free mobility of labour will exist, and in which the advantages of the most different countries will be equally accessible to all. But until this final consummation some means will have to be employed for regulating the exchange of the commodities of one nation for those of another. Even then, moreover, *distance*, which is of a certain consequence in this instance, will not be annihilated.

3. One of two ways can be adopted. The various Socialist nations may agree, though this seems chimerical, to regard one hour's labour in one place as equivalent to one hour's labour in another, in which case things of obviously different productive powers will be regarded as equal. Moreover, is it not possible that an hour's labour in one place and in one climate may, while more productive, represent infinitely more toil, strain, and fatigue than in another? On the other hand, some attempt may be made

## FOREIGN TRADE.

at an estimate of the difference in productive power between the average labour of one country and that of another, a method which would seem to afford as good an opportunity for quarrels and negotiations and ultimate dissent, as could possibly be found.

4. In this way, and indeed in any case, an act of foreign exchange, either of the purchase of goods from foreign countries, or of the sale of goods to them, will be, as it were, an act of State diplomacy and policy. This, indeed, is a further and very grave danger. Even granted that the different countries be honest in their intentions, the situation is no easy one, but it is hard to say how difficult it may not be made if even one country, or rather the administration of one country, take it into its head to try and outwit its neighbours by either concealing its own demands or holding back some of its produce in order to obtain exceptionally good terms. If there are only two individuals concerned in an act of barter, it is always hard to determine the rate at which one commodity should exchange for another

Foreign  
Trade will  
become an  
act of  
Diplomacy

## THE SOCIALIST STATE.

Each party will have a view favouring its own circumstances and endeavour to sway the bargain to its own advantage, and this it will do often without either feeling or intention of dishonesty. Under Socialism, so far as international acts of barter or of buying and selling are concerned, each nation will be an individual, and will consist no longer of a group of individuals competing with and against each other, and thus revealing the nature and extent of its requirements and of its possessions.



## XIV.

### EXPERIMENTS IN SOCIALISM AND COMMUNISM.

1. THE many references which have been made to experiments, either in Socialist organisation or by way of Socialistic undertaking, lead almost necessarily to a short consideration of their nature, and of the extent to which they furnish grounds for expecting the dangers, difficulties, and advantages which some writers declare to be inherent in Socialism. Certainty, or even a high degree of probability, is hardly to be expected, for as yet experimental attempts have been few in number and very limited in scope. But they may in some degree confirm or discountenance the anticipations arrived at on other grounds.

A very clear distinction must be drawn

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between the two kinds of efforts which have been made to realise Socialism in practice. On the one hand are those which are limited to the attempt on the part, as a rule, of local, or to speak generally, of public bodies to undertake branches of industry and trade usually conducted by private enterprise. On the other hand come those which consist in efforts to establish fully-constituted Communitistic or Socialist communities. One important difference between the two lies in the very contrary effects which the consciousness of the experimental nature of the proceedings is likely to have. So far as the mere undertaking of particular functions is affected it will produce in all probability great keenness and a more thorough care than might otherwise be exhibited. In other words, it possibly adds and certainly does not detract from the probability of success. But the reverse is the case with a fully-constituted community which must exist on solid and real foundations, and to which the suggestion of experiment imparts a dangerous feeling that the conditions of life

## SOCIALISM AND COMMUNISM.

are artificial and can be easily altered at will.

2. The management by public bodies of different branches of industry and commerce, though by no means new, is at the present time receiving a good deal of notice. In the main it has been exercised where circumstances have offered advantages of one or more of three kinds: the supply of commodities uniform in character and of nearly uniform demand; the supply of commodities of general necessity; the management of undertakings in which monopoly presents great and singular advantages. In addition to certain public works which must be undertaken by a public body, if undertaken at all, because their performance offers little chance of either individual or immediate profit, public bodies may be said to have embarked in some place or other on the management of nearly every means of locomotion, transport, and communication, on the production of the standard means of lighting, on the supply of water, and in less frequent cases on the provision of the means of

In  
Collective  
Management



## THE SOCIALIST STATE.

And their  
Success

satisfying a number of minor but fairly regular needs. The degree of success attending these efforts is so various, and where great has been attributed to so many causes, that a complete generalisation is hardly possible. At the same time there are two things which can be pointed out. The success has been such as to induce a more general belief in the capacity of corporations and other bodies for such enterprises than prevailed a few years ago. In one particular this is very important. It is no longer considered a matter of almost absolute necessity that public works should be performed by contractors. Direct employment by public bodies has shown itself to be feasible in certain directions. Whether it will prove capable of very much extension is of course a totally different matter.

3. In fulfilment of this purpose, the attempt has been made by some few public bodies to undertake the satisfaction of their own more subsidiary and minor needs. Support has been sought for their action in the example of many large industries and businesses, as great manu-

## SOCIALISM AND COMMUNISM.

factories and railways, where a number of auxiliary productions, required for the completion or dispatch of the main commodity, are no longer brought from outside, but made under the same management and in the same works. So long as these are truly subsidiary, the demand for them conditioned by the amount of the main commodity produced and the processes they involve not too highly complicated, fairly uniform advantages have ensued, at least in the case of the private or joint-stock undertakings. So far as public bodies are concerned, the evidence, though as yet unfortunately scanty in amount, seems on the whole to be favourable. But even were it fuller, though it would no doubt be eminently valuable, it would not in itself solve the mechanical economic difficulties which beset the general undertaking by the State or by local bodies of an aggregate of industries, the mutual relations of which are not certain, and the productions of which are not obviously conditioned by one another. On this subject much more knowledge is required, and as such can be gained only by experiments, it

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must be regarded as a matter for serious regret that the action of some of the bodies most willing to attempt by these means more economic production and more equable administration, should be impeded by party spirit, anxious to make political capital out of the success or failure of each or any experiment.

In Com-  
munist  
Societies

4. The many efforts to found Communistic or Socialist communities can only be referred to in the most general terms. That they have, in the great majority of instances, been unsuccessful has been variously accounted for, causes of failure being sought by some in the circumstances surrounding the experiments, and the failures themselves adduced by others as proof of the inherent impossibilities of Communistic, or even of Socialistic, organisation. In a modified sense both criticisms suggested would seem to be true. They are not necessarily contradictory. A sudden change from present conditions to those involved in either the Socialist State or the Communist State is probably impossible, for one very powerful necessary force in the constitution of society is

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custom or habit. Too much conscious action, in addition to being wasteful of human force and energy, is detrimental, inasmuch as it leads to constant and restless revision of the social constitution. Owing largely to this, Communistic communities in many instances were unable to persevere through such a short initiatory stage as five years. The consciousness of one great change, and of the somewhat experimental character of the proceeding, seems to have generated a fatal readiness towards new changes and a natural carelessness of the organic life of the society. A ruinous spirit of "make-believe" was in the air. That there was a fundamental defect of this nature is shown by the history of those societies which survived as much as by that of those which failed. The former were in nearly every instance dominated by the influence of a strong religious creed teaching community and enjoining brotherly life. This supplied both the social sanction and the motive for cohesion. In the one or two cases where the religious bond was wanting, its place was supplied by some particular form of social

Reasons for  
Failure

## THE SOCIALIST STATE.

enthusiasm, as firmly believed in and, for the time, as great an inspiration. But most of these communities which were non-religious, and many of those which were, gradually succumbed. The general lesson to be drawn from their history seems a very simple one. It is not that a change in this particular direction cannot be made, but that such cannot be made at once. It must be a matter of long and steady growth.

### Lessons

5. There are indeed certain other respects in which these examples furnish corroboration to certain of the criticisms which have been passed on particular details. As most of the experiments which have been made have been of the Communistic and not Socialist character, equality of remuneration was one feature and common life another. The general result seems to have been a dull monotony of content, without distinguishing characteristics or much unusual development. So far as Socialism is concerned, they contain a most impressive warning against contentment with a stationary condition of life, and a powerful illustration of the importance to the State of variety and individuality.



## *SOCIAL ALTERNATIVES AND SOCIALISM.*

### XV.

#### A REMEDY AND ITS COST.

1. A FINAL estimate of Socialism at the present time would be that most difficult of things, a successful attempt to balance advantages and disadvantages, all highly problematical and none definitely ascertained. The difficulty is not lessened by the fact that there are many different standpoints for different people to mount upon, in order to take their view in the best possible manner. But even though the great task be not essayed, a short summary of certain of the main considerations which have found expression in the foregoing chapters may

Impossi-  
bility of  
Final Esti-  
mate

## THE SOCIALIST STATE.

be of use in correcting the immaturity of any conclusion which may be found knocking for admission to the mind through the advocacy of some powerful and persuasive champion.

The  
Appeal of  
Socialism

2. To many of those who look for perfection, Socialism has much that is alluring in its aspect. To some it presents itself as a consummating phase in the long evolution of society. First the immature union in small groups, then the training and teaching of the individual by the sharp and stern lesson of competition and internecine strife, to be followed by the welding of the now perfected parts into a perfect whole. By others it is positively needed to give any meaning at all to that outward appearance of mechanical, commercial, and industrial unity which has emerged through the division and specialisation of labour, whereby men have become mutually dependent for the satisfaction of their common needs. It is the revelation of the hidden possibility of an inward union of endeavour; impossible till the outward framework of a new society had been achieved. But there are yet others who make a further step, and

## A REMEDY.

demand not only a unity of form, not merely a unity of conscious aim, but a moral unity. To such as these the message of Socialism is as the breath of life breathed upon the dry bones and dead tissues. Society at last will be corporate, and society will live for society.

On the other hand, the opponents of Socialism are not without their imaginations, in which liberty plays the leading part. They see, in their fear, as it were, the soul of the individual bound to the wheel of a tyrannous majority, and they clamour for freedom to use their powers unimpeded, with the desire, let us grant, that they may benefit their fellows.

3. It may be said that the social future will be determined by sterner considerations than those which cumber the brain of dreamers and enthusiasts. Like many other sayings which sound wise enough at the moment, this is but half the truth, and has but a partial application. No statesman or thinker is wise who undervalues the power of ideal conceptions merely on the ground that they are, or, to say more truly, that they seem to him impracticable. So



## THE SOCIALIST STATE.

far as they are impracticable they will fail in practice if attempted at once or in the whole. But even unattempted they may do much to direct the expedients to which society may resort, and possibly to prepare the way for some scheme bearing likeness to that which they have foreshadowed. "Anarchy and Confusion" is the description of existing society by the Socialist, and his prayer is "give us order." "Liberty, Liberty, Liberty," is the cry which rises from the opposite ranks.

Both these aspirations represent needs strongly felt, and so wide in their application that they underlie respectively much that is said for and against Socialism. They are, as it were, the imaginative concepts which colour and give so much force to the advantages and disadvantages which at first sight and on enumeration may seem matters of practice and of uninteresting detail.

Advantages of Socialism

4. The advantages which are offered by Socialism are of very varying probability in respect of their fulfilment. Among these advantages the two most prominent are the

## A REMEDY.

prevention of the waste, or of a large portion of the waste, which is at present incurred in production; and secondly, the provision for all of the means, by work, of procuring the necessities of life. On the one hand loss of material, on the other loss of life, either positive or by degeneration, is to be prevented. That the administrators of the Socialist State will exert their full energies to produce a considerable effect in both these directions is certain, for these are the most prominent points in the appeal which their social creed makes to what may be termed the practical feelings of men. But there is another possible advantage which is more uncertain by reason of a possible want either of power or of will. Some economists have been affected very powerfully by the possibility which the more sober Socialism offers of a greater correspondence between labour, skill, and ability, and their respective rewards. A Socialism which insists on equality has, of course, none of these attractions, and presents what seem to be unsurmountable difficulties. But, as has been repeatedly urged, equality in

## THE SOCIALIST STATE.

remuneration is by no means a necessary concept of Socialism. No private profit can be allowed, but granted this, equality is an alien element grafted on to the necessary conditions, and due, so far as it is potent, to the presence of a large communistic admixture in the socialist ranks.

Despite the great difference of opinion which not unreasonably manifests itself as to the fulfilment of the prospects held out by Socialism, their enumeration is a matter of no little importance as indicating the nature of the benefits to be derived from it *if successful*.

Its Diffi-  
culties

5. In strong contradistinction come the disadvantages which will, according to the views of adverse critics, accompany Socialism. Though a logical distinction is difficult, these may be roughly divided into those which may affect the working of the system and thus annul it, together with its good and its evil, and those which must be put into the opposite balance, should Socialism be proved to be a working system, as a counterpoise to the beneficial results claimed by anticipation for its *régime*.

## A REMEDY.

From the most important point of view—from the point of view, that is, of a system of working economy, defects of the former kind are of the greater moment, for if Socialism is an unworkable system, the whole discussion about advantage and disadvantage, or benefits and drawbacks, is a mere matter of interesting theory.

6. The assertion that the Socialist system will not work has been based on arguments which may be grouped under three headings. In the first place, it is alleged that so great a diminution in production will be occasioned as to prevent the community sustaining itself save on a very low level of general subsistence; that however equal the division, there will be so much less to divide that the majority, and in the view of some the vast majority, will be much worse off than they are at present. In the second place, bureaucratic administration will, it is said, prove itself incapable of the tasks entrusted to it. In the third place, it is argued that there will be mechanical difficulties in the way of procuring the production of the right

## THE SOCIALIST STATE.

commodities, or the performance of the right services. These dangers are all of them, as has been urged, very real, and by no means to be set aside on the strength of mere optimistic assertions. It is no answer, for instance, to the first to say that a reduction of the general productivity of the community will be compensated for by a greater equality in distribution. To make this rather light-hearted assertion really forcible some means must be afforded of estimating the extent to which a diminution in productivity is bearable and likely ; of course, direct proof that any such is improbable would be the most effective reply of all. Again, it is perfectly useless to assume that bureaucratic administration, perhaps indeed an overrated bugbear with many, will be rendered more efficient and less dangerous by the introduction of universal democracy. Society before making changes requires not assertions but guarantees. Of these most must be derived from experiments in legislation and administration, though with regard to one Socialists as teachers and writers can do much. *It is necessary to know whether*

## A REMEDY.

*the system proposed embraces or does not embrace the notion of equality of remuneration.*

7. Another danger almost equally fundamental in its nature is the strain to which a completely socialised industrial system exposes the political integrity and unity of the State. One very obvious difficulty of tariff legislation in some of those countries where it has been attempted has been experienced in the tendency which has arisen of voting by Interests. The more democratic the country, and the more complete the Socialist organisation, the more likely is it to occur that the community will split itself into sections, which will try to gain separate advantages by the use of their voting power. The iron industry will consider that owing to its more arduous conditions it should receive either higher wages or better regulations as to hours than the joiners, for instance. This is perhaps one of the strongest arguments that there is for an absolute equality of remuneration and condition. At the present time, with even the limited opportunity which offers, there are in-

## THE SOCIALIST STATE.

stances in which it is commonly said that particular branches of industry have been able to exert considerable pressure by the power they possess over the voting strength of the locality. It is no doubt quite right that a government should be among the best employers of labour. But it may be asked if the grant of privileges obtained for dockyard employ has not been influenced by considerations of parliamentary support. If the coal-mines of the country were nationalised, the miners' votes would probably determine the election of thirty or more members of parliament, and their demand for an advance in wages would place a government depending on the support of their representatives in a position of great difficulty. That these are dangers will be readily admitted. They are used here as illustrations of a particular condition which might possibly develop in the Socialist State.

And its  
Cost

8. The disadvantages which the members of a Socialist State, well organised, and more or less in working order, might suffer from are many and various. Moreover, since that State

## A REMEDY.

will probably enjoy, as has been pointed out, a partial immunity from printed criticism, they will be much the less able to obtain a remedy for minor grievances, without grave legislative friction.

A very grave defect has revealed itself in the constitution of such a State with regard to the saving of capital. That there will be ample methods of accumulation is true, but the action of public bodies and states, so far as we have experience of them, cannot be said to raise any high expectation as to its readiness to avail itself of them. This is certainly a danger, though perhaps not a necessary one. Putting aside these separate points, it will be found that most of the criticisms relating to evils involved in a socialist system refer more or less to its probable or possible infringements on freedom. In some cases the connection is so close that they seem a necessary part of its being. So far as men present themselves in the aspect of productive agents, the exercise of some control over their action both as regards the occupations they choose and the methods in which they do



## THE SOCIALIST STATE.

their work, is obviously inevitable. Some choice, no doubt all, or at any rate most, will have, but in its anxiety to prevent waste, the Socialist State will, it would seem, be bound to deter men from entering occupations which possess already their full complement of workers. In other instances it will be unable to consult individual idiosyncrasies, thus tending to restrain any great deviation from the normal. In its strongest sense this will mostly affect those higher ranges of work in which artistic, intellectual, or manual excellence display themselves. On the other hand it is alleged, and not without some ground, that so far as the majority are concerned choice is now greatly limited, hardness of circumstances playing, and playing unintelligently, the part assigned to the State or its officials by Socialists. But then individuals can overcome circumstances: they will not, or should not, be able to overcome the State.

Effect of  
Restrictions

9. But such control is only part of the effect which may be produced on liberty. There are present in Socialism indications of the existence of tendencies towards regulation which

## A REMEDY.

may intrude even if discouraged, and unless definitely provided against almost certainly will intrude, into departments of life other than that which deals with the production of goods. Thus there may come about, as it were, a regulation or direction of what people are to buy, what they are to wear, use, and eat. Even the domain of family life may not, and very likely will not, prove sacred from the assaults of authority, and state control may be substituted for the bonds and influences of family affection. There may be state regulation of marriage. Interference in these directions is not, as has been said, necessarily involved in the nature of Socialism, but as a danger not unlikely, it deserves and must have weight and prominence in any judgment as to the acceptability of Socialism. It seems highly probable that whatever be the case in theory it will prove impossible in practice to draw any rigid line of demarcation between what comes within and what falls without the sphere of the State. Should it be argued that this, if true, is true of the present system as well as of Socialism, it must be freely

Their  
possible  
Extension

## THE SOCIALIST STATE.

admitted; but one vast difference there is between the two, that whereas under present conditions such further extension of official control must be accompanied by a specific justification, under a Socialist rule it is rather exclusion from than subordination to regulation that will require defence.

Would  
Socialism  
work?

10. In estimating Socialism as a possible scheme of production and system of social and economic life, one question ranks prior both in importance and in order to all others. Will it prove itself a working system, is an inquiry which advocates and critics alike cannot too often raise. That it should work, and that under certain conditions it might work, is no doubt true; but the question is one of fact, or rather of high probability. For whatever be its advantages there can be no more unwise course than that of urging on the introduction of a scheme which will break down in practice, and which will bring about a long-continued course of fiasco and disaster, from which any state, if it emerge at all, will emerge maimed and weak. It is only where some sort of probability is

## A REMEDY.

assured on this point that we can afford to pass to the second issue, and to balance advantages against disadvantages.

II. Considerations such as these, so varying in their importance, and relating to results of a more or less hypothetical character, must suggest as one conclusion the inexpediency of forming a too final judgment. But economic inquiries, as compared with investigation in the physical and biological sciences, bring us face to face with certain grave difficulties. Popular clamour declares that a decision, one way or another, is necessary, and many of those who raise the cry think themselves fitted to give the decision, especially if they have not studied the subject. Above all things experiment is difficult. Socialism in its different forms is very far from being a simple question. It presents a very complex problem, the solution of which will come, if it comes at all, after long waiting and much experimental legislation. In one aspect alone is a simple issue raised. That is with regard to the applicability of Socialism as a present remedy. A decision on this point will

## THE SOCIALIST STATE.

depend mainly on the conclusions arrived at with regard to the following matters, the feasibility of a sudden change, the unseen and seen risks involved in Socialism, and the alternatives which are offered to it.

Of these three questions the first has been repeatedly dealt with; the second, in addition to forming the subject of a large portion of the book, has been specifically treated of in the present chapter; while the third is the subject of the chapter immediately following.



## XVI.

### MODERN STATES AND SOCIAL ACTION.

1. IN many discussions on Socialism and the future development of Society it is a practice, and seems almost an uncontroverted practice, to regard Socialism as the one alternative to unrestricted competition, and a condition of unrestricted competition as the one alternative to Socialism. Although such a view is seldom if ever definitely laid down as a condition on which argument is to proceed, its acceptance has, so far as many combatants are concerned, become a matter of habit. Like the rules of fencing or boxing, it is an arbitrary restriction of combat within certain limits, and, as in this case too, is purely artificial in character, and teaches nothing as to the prowess and

## THE SOCIALIST STATE.

forces which might be exerted but for its existence. Whatever its dialectic value may be, this method is anything but likely to lead us to correct conclusions. It is indeed a matter for surprise that it should have been so universally adopted. Possibly it is an attempt to make up for the extreme illogicality of mankind in practice by an almost inhuman logic in theory.

2. The truth would seem to be that there are many intermediate positions between the unpleasant extremes of a soulless Individualism and the paralysis of Socialism. They are looked on by some as mere resting-places in the journey towards one or other ideal, and from the point of view of the highly abstract theory which regards men as made of one motive and in one mould, this may be the case. But then, it must be remembered that such a theory rests on its peculiar assumptions; that statesmanship, and with it applied social science, is an art rather than a theory; and that the journey towards the ideal may be one of many hundreds, if not many thousands of years.

## SOCIAL ACTION.

What the realisable ideal of society may be depends largely on what can be made out of human nature, and so long as it is so variable as it is, so long as it is so illogical as in practice at least it is, just so long we must be content with a State which occupies itself in utilising so far as it can the good which is to be found in opposing principles. In point of fact, modern Socialism is anything but logical. The earlier forms which Socialism took founded themselves on certain definite suppositions as to a self-sacrificing uniformity in human nature. Modern Socialism does nothing of the kind. It takes, or professes to take, human nature as it is, and proposes in consequence a system of society and state organisation which shall allow for variability of motive, though preventing development in certain particular directions. So far as it goes competition will exist, though it will be restricted within certain definite limits. But when such is the case it is open to the charge that there are certain spheres in which its restrictions and the action it proposes would



## · THE SOCIALIST STATE.

produce more harm than good. Granted that the State has to avail itself of all forces in so far as they can be utilised for good, the question at issue is that of the method whereby this can best be done. In other words, it is largely a question of means and not of principle.

*Of course, had the choice to be made between the proposal of Socialism and the practice of an extreme competitive Individualism, a very large number of those who are now reckoned as adverse to the former might rank themselves on its side.* But this they do not allow. When Paris had to make his celebrated choice there were three applicants for the apple. Let us hope that their choice will be more fortunate than his, if, passing over the claims of the Present Socialism and the Past Individualism, they bestow theirs on the third, the modern Social State.

A Social  
Policy

3. The Modern State as we know it has elements of Individualism and elements of Socialism. As yet these, or some of them, are no doubt imperfectly developed; but their de-

## SOCIAL ACTION.

velopment is the work of the time in which we live. The task, by no means an easy one, would be much harder were it not for certain landmarks, by means of which a course may be steered. These rise up as a guidance and a warning. One is the responsibility of society to its members; the other, the need of free individual growth. It may indeed pass the art of statesmanship to avoid some disregard of one or other of these; but even should this be so the aim must be to keep them in view as much as possible.

4. Though the condition of the Modern State, as exemplified both in England and in other countries may be unsatisfactory, evidences are not wanting of the existence, however unconscious and imperfect, of a policy or tendency on the part of a large body of men embracing both these aims. If our own country be taken, the encouragement of individual energy, and the guarantee within limits of individual freedom, will probably be admitted. To this point the condition of the main industries, unfettered as they are by fiscal

Suggested  
by past  
History

## THE SOCIALIST STATE.

restriction, the great ease of transit and change of abode, the inequalities of remuneration of effort, the free saving and use of capital, and many other features of common notoriety. When the limits of individual freedom and competition are spoken of some explanation is required. Some limitation has always been regarded as necessary, but of late years the principle according to which restriction shall be imposed may be said to have undergone a vital change. By the utilitarian school, whose words and personality had so much influence at the beginning of the present century, the criterion of restriction was the right of others to equally free competitive action. But those who believe in what has been termed the Modern Social State would say, to use general terms, that individual freedom must be restricted by considerations of the well-being of the State.

Such a statement, though general, perhaps indeed because general, may be found subject to attack from both Individualists and extreme Socialists, the former contending that, as the State is a synonym for all-of-us in distinction

## SOCIAL ACTION.

to some of us, this end can be best attained by a fair and frank Individualistic policy, the latter on the ground that, while denying the name, it merely reaffirms the essential principle of Socialism. But though the State may be, and certainly should be all-of-us, there are state and social ends to be sought which can be reached only by the common and united action of the State or all-of-us in contradistinction to the conflicting action of the various classes of society. On the other hand, Socialism is, it must be remembered, not merely an aspiration, not merely a principle, but a method. The Modern Social State involves in its own well-being the growth and the development of the individual characteristics of self-reliance, energy, and independence. To Socialist and to Individualist the members of the State must say, we are men and women with individual rights and individual duties, we are citizens with common rights and common duties.

5. Let us see how far any public recognition of some position such as this can be traced in modern social history, and from what we find

Social  
Policy  
must  
regard

## THE SOCIALIST STATE.

adumbrate, as it were, what might be done by the conscious development of the principles underlying it. In England, at any rate, much advance has been made during the last half century.

Social  
Conditions  
of People

By legislative as well as by administrative action, the State may be said to have acknowledged its responsibility in securing fit conditions of labour and life. Of this, the early Factory Acts and Sanitary and Housing Acts are but instances. With reference to these, it must be remembered that the policy of late years has been anything but stationary. There has been almost constant progress. At the present time hardly a year passes which is not marked by some attempt to effect improvement in directions fully regarded as matters of importance, not only to the various classes most immediately affected, but to the State which comprises others as well as these. For the sake of the whole, as well as for the sake of the part, common conditions with regard to health and well-being, both moral and physical, must be established and effectively maintained. In the

## SOCIAL ACTION.

same direction operate Acts, at first sight so diverse, which extend education and enforce the liability of employers.

6. In the next place there is a formal recognition of the duty incumbent on the State and of the claim which individuals have against it for existence. At one time, indeed, there was a tendency to regard the Poor Laws as a species of unfortunate mistake which prevented natural laws from eliminating the weaker and less fit in the struggle for existence. But this terrible and individualistic idea has rapidly withered and failed when brought face to face with the conception of the State as something more than a supreme power controlling the strife between warring units, as something other than the representative of one aggregate of units succeeding to another aggregate of units, careless of the life of those who are stamped out in the rapid march. The true State is something more real, and more organic, and more vital. Progress it must have. Progress it will have. But if in the course of that progress, and sometimes as a condition of that progress, some labour becomes

Their Right  
to Live

## THE SOCIALIST STATE.

ineffective and some members of the society become unfit, the cost must be borne by Society and not by the Individuals. Not in the triumphal march of victory, but in the panic of retreat, are the weak and the wounded left to die by the wayside. It is argued by some that incompetence and inefficiency are the result of individual fault. Even were this true, the corporate humanity which is embodied in the State will forbid the exaction of so terrible a penalty as starvation. What the State and its rulers have to do is to devise a method of treatment which shall operate in relief and improvement, and not in aggravation of the malady which it sets out to cure. But it by no means follows that the argument is wholly or partially true. Partially true it is no doubt in many and perhaps the majority of cases, but even in these the effect of early social surroundings and influences cannot be ignored as beside the question. Again, it is said that this difficulty is one inherent in all conditions, and not due to existing forms of society. Even were this true, it would none the less be the duty of a developed

## SOCIAL ACTION.

society and of a sensitive and corporate Social State to strive towards its removal. But in earlier forms of society it existed in a wholly different form, for then there was a direct contact between the individual and the conditions offered by nature of obtaining a livelihood. He was not a highly specialised part of the productive machinery, and the difficulties which he encountered, and to which indeed he often succumbed, were those of natural surroundings, and not those incurred through his position in society. Social organisation, while largely relieving him from undue reliance on the former, has imposed on him the latter. The scheme of Socialism is an assertion that the State should move in mitigation of these latter, and that it should in all cases pay the cost of the progress by which it benefits. But there is of course a great difference between asserting that a certain thing should be and providing an adequate means for its fulfilment.

As a matter of fact there are signs in abundance that this is recognised as a public duty. The indirect aid given by the State to



## THE SOCIALIST STATE.

the great organisation of thrift, the suggestions for pension schemes, are not solitary witnesses to what has been described as a change of attitude on this most important question. New adaptations of the Poor Law System may be introduced. What has been done as yet has been very insufficient. Whether the State operate directly, or assists other agencies to do this work, on it lies the responsibility for the work being done. One thing, however, must be remembered, and that is the need of maintaining independence while relieving or preventing distress.

Right to  
Work

7. The provision of work for the unemployed is closely connected with the foregoing. It is in some ways a matter of even greater difficulty. This difficulty, though in essentials inherent in any social system which is progressive, would seem to be aggravated by particular circumstances attending our present industrial and commercial development. In other words, it has assumed large dimensions. So far as seasonal and other particular lack of employment is concerned there is much which can be

## SOCIAL ACTION.

done both by the central and by local bodies. But here too we find evidence not only of an awakened public attention, but of definite efforts in its mitigation. Employment by public bodies and the extension of allotments seem to show that there is much that can be achieved without involving what may be called structural alterations. There are signs that the sphere of State or municipal employment and industrial undertakings will be largely extended within some short time.

8. Lastly, many measures of recent years have evinced the strong desire animating the nation for procuring a greater equality of opportunity. The more important among these are those which deal directly or indirectly with children or the young. Their protection and their development is sought in different ways. Educational advantages, better administration of this branch of the Poor Law System, and measures taken in defence of the children of criminal parents, co-operate with each other in opening the avenues to success and merit, and in mitigating the tyranny exerted by material

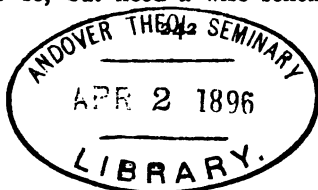
Care of  
Future  
Genera-  
tions

## THE SOCIALIST STATE.

surroundings. As yet little more than a commencement has been made in this particular direction.

Such a  
Policy  
neither  
Indi-  
vidualist  
nor  
Socialist

9. Advocates of positive social reform such as that suggested above, only in a more connected form and on a more extended scale, are met by many objections and subjected to much criticism, both friendly and unfriendly. They must be prepared for this, because they have a social policy which is an alternative to both Individualism and Socialism. They are told, for instance, that such reforms mean expense, and that expense means taxation. Of course it will cost money, though even from a purely pecuniary view it is by no means certain that it will not ultimately prove remunerative. Taxation, again, must be endured if requisite for an important social end. If necessary, such taxation must be graduated so as to enable the richer to contribute more in proportion to the surplus they have over their needs than is at present the case. It is said that graduated taxation discourages energy and saving. A bad scheme may do so, but need a wise scheme? From



## SOCIAL ACTION.

certain aspects, this among the number, such proportional or graduated taxes may be disadvantageous; but if the satisfaction of the social needs of the State is imminently necessary, the issue raised is not of advantage or disadvantage, but of greater or less disadvantage.

10. Once again, such a policy is deemed Socialistic, even called Socialist, in opprobrium from one side, and by way of friendly and jealous taunt from the other. Etymologically the designation would be correct. But the title though not unwelcome, is inconvenient, because it suggests too close a relationship with one particular method of Social Reform. So far as the belief in the corporate unity of society and the important responsibility of society towards individuals are concerned, the Modern Social State and the Socialist State are at one; but though in harmony in this point, as also with regard to many necessary measures for enforcing it, a policy for the former State, such as that sketched above, differs from that of the latter in the importance it attaches to two other principles which are deemed fundamental. Individual

## THE SOCIALIST STATE.

action and energy must not only be permitted, but within certain limits actively stimulated. In the second place, on grounds similar to those on which the State demands recognition, the family life must be regarded as an institution of fundamental importance. It is important alike to the individual and to the State, because in it the one is formed and on it the other is based.

Socialism is not the only alternative to a policy of rigid and unrelenting Individualism.



## XVII.

### THE MAINTENANCE OF THE STATE.

1. IN common with political reformers, the advocates of economic reorganisation require to keep steadily before them one aim of paramount importance. The maintenance and development of the State should stand before and extend beyond all the other various ends and objects which so frequently occupy their mind to its temporary and unintentional exclusion. Such forgetfulness is hardly to be wondered at, for as an object its well-being is so much with us, and it itself as an entity seems at times so far from us, and often so visionary, that minor ends, if nearer and more unusual, possess the power, which it does not, of striking

The State  
the aim

## THE SOCIALIST STATE.

the imagination and fixing the attention. But, rightly conceived, these are strictly subordinate; they are in effect mere means whereby the great end of all may be attained. The well-being of the State is a sort of touchstone whereby we should try all plans of reform and all schemes of life, whether economic or social, Individualist or Socialist. Few people at the present time seem disposed to question the defects of the individualistic and utilitarian view of the State which prevailed in many influential quarters at the beginning of the century. It erred just because it did not, in fact, recognise the existence of anything that could justly be called a state. It spoke of the State indeed, but it meant something just as uninclusive, and in the highest sense unrepresentative, of the people as the policeman who patrols a street is of the inhabitants who dwell in the houses on each side of it. This mental solution of a nation into disconnected units was a true characteristic of the philosophy of the school. In this aspect Anarchism, despite its many absurdities of theory, contrasted favourably with

## THE STATE.

its earlier forerunner, Individualism. Its faith in an ideal, in a time, that is, when the voluntary action of individuals will supply the place of coercive discipline, and provide strong and enduring economic and social bonds, unfelt because developed in the free individual will, has rendered it, so far as fancy goes, less harsh and less devoid of soul. The earlier Individualism believed that the unimpeded action of individuals was for the advantage of society, because the weakest would go to the wall, while the latest Individualism believes that there will be few weak and no wall.

2. But what of Socialism? Obviously it must be replied that, in so far as it weakens any institutions on which the permanence of society or of the State depends, it fails when brought to this test. To dwell on this point is unnecessary, as so much attention has been given elsewhere to the possible dangers lurking in Socialist schemes as regards both social and economic institutions. There is, however, a further charge brought against it which bears a curious resemblance to those urged against Individualism.

Often forgotten by Socialists



## THE SOCIALIST STATE.

Who are  
often too  
Individual-  
istic

Roughly speaking, it is accused of Individualism, and in effect of saying not that the weakest shall go to the wall, but that the weakest, at any rate, shall not go to the wall. In one sense the accusation lies less against the constructive scheme on which the Socialist State will have to be based than against the attitude of particular people and parties, who demand that the grievances of certain classes, or a certain class, shall be considered, quite irrespective of the cost or consequence to the community at large. In another sense, however, and so far as equality of remuneration figures in the programme, the defect is one involved in the socialist scheme. It is a sacrifice of the state or of society to individuals or a class. The same defect, or one very similar, presents itself when Socialists speak with their singular and irresponsible light-heartedness of the necessity of just altering this or that institution, as if the organic State were a boxwood hedge for their shears to experiment upon, or when they advocate the suppression of one class or the reduction of its rate of remuneration in the interests of another class or

## THE STATE.

set of individuals, and to allow of the augmentation of their remuneration. Such shocking individualism requires correction. Socialists are too often like travellers at a cross-road, who need a large finger-post bearing on it the necessary legend, *To the well-being of the State*. The interests of individuals do and often will conflict with the interests of the State. It seems a fatal mistake to consider, as many Socialists apparently do, that all such opposition will cease when once their own scheme of collective production is operative. That is the very question at issue. For, granted that Socialists do not advocate equality, granted that they do not seek in the mere interests of one group to remove the conditions which surround, protect, and give life to another group, there still remain reasons for thinking that some such antagonism will continue.

3. In the first place, the State is not merely the corporate unity of all those living at one time. It extends through time as well as over space, and includes the interests of the future generations which will arise within its domain

What the  
State  
means

## THE SOCIALIST STATE.

with those of the generation now in existence. The greatest happiness of the greatest number, even were it a test capable of immediate application, like instantaneous photography, would mean little to the State, because the greatest happiness in one generation may mean infinite misery and suffering in others. Viewed in this light, what aspect, it may be asked, does a general existence of monotony deprived of enterprise, even if accompanied by sufficiency of food, wear? Does it suggest a state renewing itself from one generation to another with ever fresh developments, and ever new sources of vitality? What aspect, it is asked, does regulation wear? What, the removal of the restrictions on population?

In the second place, it is contended by many, and not alone by those wholly hostile to Socialist developments, that the neglect of individuality, which they deem only too probable, will be fatal to common social growth and well-being. The State requires the existence of different classes and different individualities. It seems, indeed, far from proved that neglect

## THE STATE.

can be safely shown to any of these, and as yet no attempt has been made to prove that the conditions which foster their development are the same for one and all. The State is made up of different parts not of uniform material.

4. It would be presumptuous to say *that no Socialistic scheme* will ever be realised in practice. That none is capable of immediate realisation probably most Socialists, certainly most Socialist leaders, themselves believe. But this much may be said: that any system which is to meet with success will have to take into more vital account than has yet been done, the variable elements in human nature, and the subtle conditions which are necessary to the orderly constitution of society, the security of economic progress, and the growth of the State.

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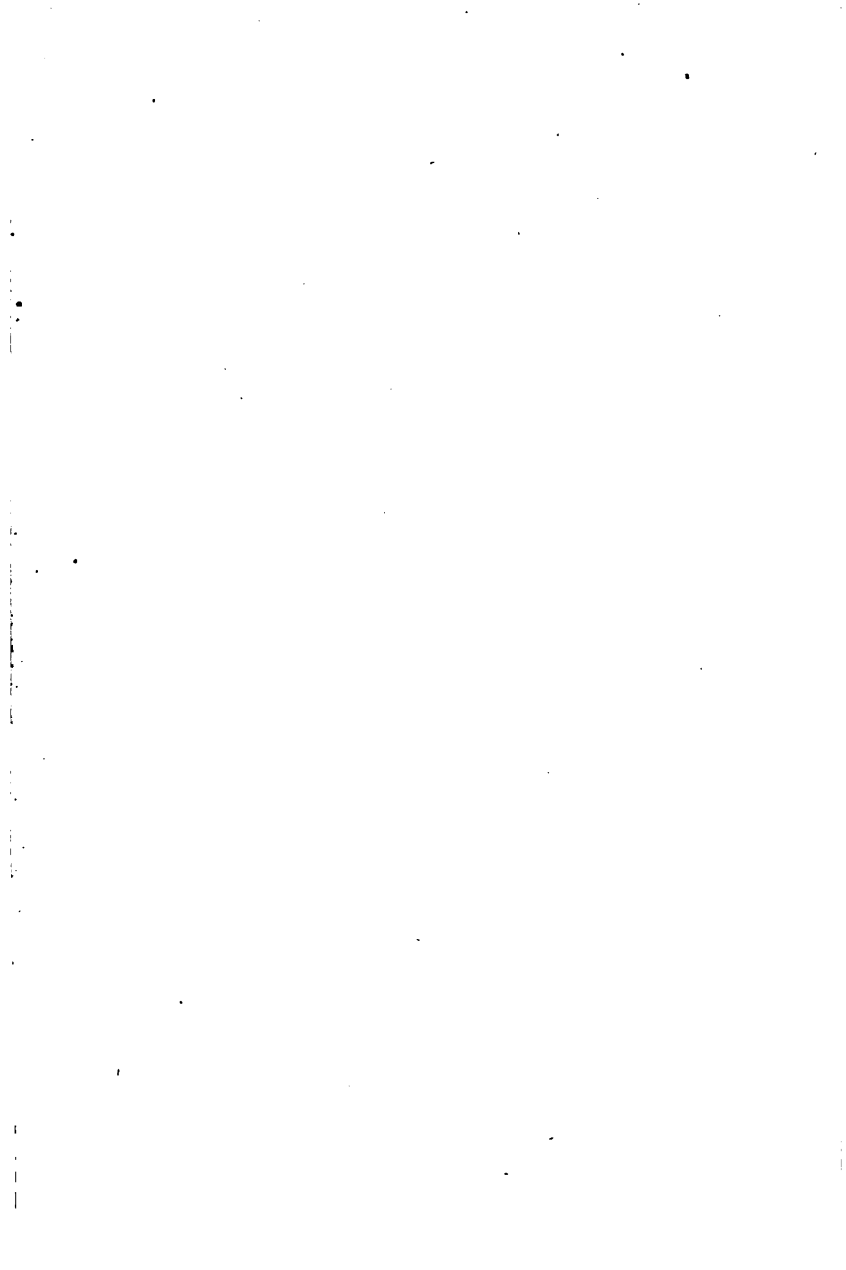
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